FINANCIAL TIMES

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WORLD NEWS

Texaco in bid to raise petrol prices

Texaco, the UK's fourth largest petrol retailer, is attempting to raise prices at the pump by an average of 4p per gallon by withdrawing all price support for its dealers, with effect from the start of business next week.

BP, Shell and Mobil, three of Texaco's main rivals, may also be prepared to try to raise prices. Page 3

U.S. protests to Seoul

The U.S. protested to South Korea over the rough treatment at Seoul airport of opposition leader Kim Dae-Jung, returning to the country after two years in exile. Back Page

Libyan talks hint

Britain is ready to hold talks with Libyan officials as a step towards improving relations, Foreign Secretary Sir Geoffrey Howe said. Page 2

Teachers plan stoppage

Leaders of the National Association of Schoolmasters/Union of Women Teachers plan to call a national half-day strike this month without holding a ballot of members under the terms of the Trade Union Act. Page 4

Bid to delay bus plans

Six members of the House of Commons transport committee are trying to delay the Transport Bill, aimed at de-regulating bus services and introducing more competition into local services. Page 3

Inquiry urged on rapist

Labour MP Tom Torney urged an inquiry into the circumstances in which rapist James Pollard was freed on parole, only to rape his victim again and murder her. Pollard was jailed for life at Leeds yesterday.

Police hurt in blast

Three policemen were injured when their patrol car was wrecked by a landmine near Drumore, County Tyrone.

Walesa's plea

Lech Walesa appealed for an accord between rulers and ruled in Poland in the aftermath of the trial of the murderers of pro-Solidarity priest Jerzy Popieluszko. Page 2

Finns return missile

Finland returned the wreckage of a Soviet missile which crashed in a lake near the Soviet border on December 28.

'Star wars' aid sought

The U.S. wants Nato scientists to help develop the technology for the "star wars" defence project, U.S. Defence Secretary Caspar Weinberger said. Page 2

Jaguar founder dies

Sir William Lyons, founder of the Jaguar car company, died at his home near Rugby aged 84. Obituary, Page 3

Best leaves prison

Former soccer star George Best left Ford open prison, near Arundel, Sussex, after completing a sentence for drink-driving and assaulting a policeman.

Sultan's gift

The Sultan of Brunei presented £350,000 to the National Army Museum and £250,000 to the Imperial War Museum.

BUSINESS SUMMARY

Pound falls to new low as $ surges

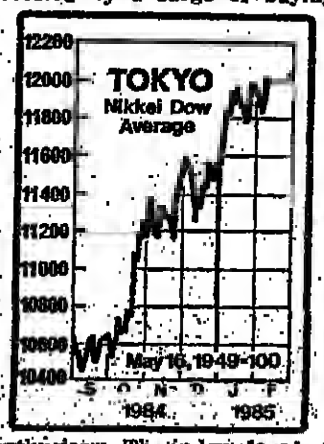
THE DOLLAR soared to record levels as the pound fell to a new low of $1.10325 in New York yesterday afternoon.

A growing feeling that recent intervention by European central banks had failed led the dollar to reach new highs against the Deutsche Mark, sterling, French franc, Italian lira and several other currencies.

The dollar closed in London at DM3.2575, up more than a pfennig on the day and six pfennigs on the week.

High British interest rates enabled the pound to hold up in London, closing at $1.1105, but later in New York it plunged to an all-time low of $1.10 before recovering slightly. New tap, Back Page; foreign exchanges, Page 23

TOKYO'S Nikkei-Dow Jones Average share index broke the 12,000 barrier yesterday, boosted by a surge of buying



enthusiasm. The index closed at 12,009.01 after rising 185.58 in three days. Page 22

DUNLOP shareholders voted to delay a decision on a £142m refinancing package, in spite of opposition from BTR, which has made a £33m takeover bid for Dunlop. Back Page

PORT of Southampton has won back its biggest customer, the Trio shipping consortium, following the 13-week dispute which closed the port's container terminals. Page 3

GESTETNER, the office equipment group, is to shed 500 jobs because of falling sales of duplicating machines. Page 4

KUWAIT Investment Office emerged yesterday as the surprise holder of 17.9 per cent of the equity of Stylo, which earlier this week fought off a tender offer from British Land. Page 20

TALBOT laid off indefinitely 1,000 workers after Iran failed to supply letters of credit to cover purchases of car kits. Page 3

THIRD WORLD textile exporters have set up the International Textiles and Clothing Bureau to fight trade barriers by industrialised nations.

LABOUR Trade Spokesman Bryan Gould attacked the Treasury view that lower pay rises would help create jobs.

BRAZIL'S central bank has mounted a rescue of Sul Brasileiro, a major financial group. Page 21

TSL Thermal Scientific, which makes vitreous silica for electric fires and silicon chips, has recovered from losses of £1m to pre-tax profits of £1.7m for the year to October 31. Its shares rose 39p to 155p. Page 20

HEPWORTH Ceramic has agreed to acquire British Steel's loss making refractories business. Page 20

Lawson's scope for tax cuts diminishes

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

TAX CUTS in next month's Budget are likely to be much smaller than the Treasury had been hoping for, and Mr Nigel Lawson, the Chancellor, has been forced to curtail his ambitions for wide-ranging reform of the indirect tax system.

Treasury estimates suggest the overall scope for tax cuts on March 19 could be as low as £1bn and might even have vanished altogether. This more pessimistic view compares with a fairly relaxed confidence before Christmas that the room for manoeuvre might be between £2bn and £3bn.

Mr Lawson has consistently hoped for at least £1½bn, to show that the Conservative party was carrying out its election pledge to cut the burden of direct taxes. This may still be about the middle of the Treasury's range of estimates, but the chances are growing that the final figure may be less.

The Treasury's internal pre-Budget forecast for the economy is being prepared in a much more cautious mood. This reflects a more pessimistic view about the trend of inflation for the rest of this year, and much more uncertainty about future exchange rates and interest rates.

It also reflects the expectation of considerably higher interest rates for the rest of the year than seemed likely two months ago, and the lower value of the pound, which gives defence of the exchange rate higher priority in the conduct of monetary policy.

The turbulence on financial markets last month and suggestions that the City's confidence in the Government strategy had weakened is a factor as well.

The decline of sterling and the sharp rise of interest rates last month have probably had little direct impact on the Treasury's latest calculations of the scope for tax cuts. The rise in the dollar will raise the sterling value of North Sea oil revenues, but the higher interest rates and increased Government funding will raise the cost of servicing the national debt.

However, it has become more difficult for the Treasury to predict the level of the dollar over the next 12 months, while the risk of a cut in oil prices has also to be considered.

Budget options also seem to have been sharply constrained by the fear that a big shift of policy might have unpredictable effects on sterling, depending on the mood of the foreign exchange markets at the time.

Therefore it seems likely Mr Lawson will go for a moderate overall tax-cutting package with perhaps some gentle tightening of his public sector borrowing target compared with the £7bn assumed in his Autumn Statement in November.

Earlier ideas that he might be able to make spectacular cuts in personal taxation by shifting the burden to indirect taxes have now been ruled out.

The increased inflationary

Continued on Back Page
Pay curbs "no spurt to jobs," Page 3; New tap, Back Page

Portable pension moves likely

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT plans to press ahead with its proposals for personal portable pensions, in spite of the doubts of the occupational pensions industry. A detailed scheme is likely to be included in the Bill on the reform of social security in the 1985-86 parliamentary session.

The proposals are likely to be broadly along the lines of those put forward in a consultative document last July by Mr Norman Fowler, Social Services Secretary.

Under this plan employees would be allowed to opt out of an employer's occupational pension scheme and/or the state's earnings-related scheme, and to make their own personal pension arrangements.

The aim is to remove obstacles to job-mobility and to give employees a greater involvement in their savings as part of the overall drive towards increasing individual share-ownership.

Since July the occupational pensions industry, including some life companies and professional advisers, has expressed concern about the impact on the viability of their schemes of large numbers of people opting out to take up portable pensions.

Practical questions have also been raised about the level of employers' contributions to personal pensions, the range of institutions permitted to offer such schemes and the possible need for a central clearing-house.

The Department of Health and Social Security appears determined to proceed with its proposals, arguing that these problems can be overcome and that the doubts are exaggerated.

Mr Fowler has long argued that portable pensions are intended only to be another option available to employees alongside existing occupational pension schemes, to which most workers would probably still belong.

Indeed, some ministers say a much greater impact may be made in practice by proposals in the Social Security Bill which has just completed its Commons Committee Stage.

This tries to correct current inequities for those changing jobs by requiring occupational pension schemes to revalue benefits to allow for modest rises in inflation.

There is still, however, no agreement within the actuarial profession over the calculation of transfer values for people moving from one occupational scheme to another, a point raised by several MPs at the Committee Stage.

The Government has repeated its warning that unless agreement is reached before long, it would have to impose its own assessment of how such values should be calculated.

Rowntree moves into U.S. cookie market

BY LISA WOOD

ROWNTREE MACKINTOSH, the chocolate and confectionery manufacturer, has conditionally agreed to buy an American retail biscuit business for $36m (£32.5m). The acquisition would be the third by the company in the North American market in two years.

Rowntree proposes to purchase The Original Cookie Company, which has headquarters in Ohio, from Cole National Corporation. Mr Kenneth Dixon, chairman of Rowntree Mackintosh, said yesterday that the move would strengthen the company's specialist retailing operations in North America and add to its important U.S. earnings.

The Original Cookie Company, with 1,000 employees, sells U.S.-style freshly-baked cookies. Products are baked in 150 small shops, mainly in indoor shopping centres. The principal product is the "chocolate chip cookie."

Rowntree first bought into the U.S. two years ago when it acquired Tom's Foods, a savoury snack manufacturer, for £140m. Later that year it paid £20m for Laura Secord, a specialist confectionery manufacturer in Canada with kiosk-style retail outlets. Laura Secord has 215 shops, and will soon open others in the U.S.

"We anticipate that in 1984 some 33 per cent of our trading profit will arise from North America," said Mr David Bowden, financial director of Rowntree Mackintosh. "The Original Cookie Company, with pre-tax profits of $4m last year, should add 3 or 4 per cent to that in the future."

Total retail sales of freshly-baked cookies are worth an estimated $225m a year in the U.S., with The Original Cookie Company reporting sales of $30m in the financial year ended on February 2.

Rowntree said the U.S. company's sales had grown roughly in line with the development of the cookie market, where demand was rising at about 15 per cent a year.

Last November Rowntree said it would lose 700 jobs in the UK when it closed its Edinburgh confectionery factory early in 1987. It has no plans to bring The Original Cookie Company operation to Britain. U.S.-style cookies are available in London from specialist outlets in stores including Harrods and Selfridges.

The York company said that to maintain the debt to equity ratio at approximately the current level, Rowntree proposed that $31m (£28m) of purchase price be financed by placing 8m new Rowntree shares in the London market at 353.25p per share.

The balance of the consideration would be financed from existing resources.

Sweetener development, Page 3

Liverpool spending ultimatum

By Ian Hamilton Fazey

MR PATRICK JENKIN, the Environment Secretary, threatened yesterday to take control of Liverpool's capital spending programme for 1985-86 unless the left-wing Labour city council changed plans to overspend by about £32m on council house building and related projects.

The projects are at the core of Liverpool District Labour Party's improvement plans for 17 areas of the city.

Mr Jenkin is to invoke a directive under Section 78 of the Local Government Planning and Land Act 1980. This would require the council to seek Mr Jenkin's consent for every new contract or work done by direct labour above a given value.

The powers apply only to capital spending and not to revenue expenditure. The council is also threatening to act illegally by not fixing a rate to cover its revenue budget for 1985-86.

The council has been warned by its treasury officials that recent large contracts will take it over the legal ceiling for capital spending, estimated by Mr Jenkin's officials yesterday at about £65m.

If Mr Jenkin took charge every project would be judged on its merits. Mr Jenkin is known to disapprove of Liverpool's "municipal solution" to housing problems, which excludes housing co-operatives

Continued on Back Page

Commodore halves prices of its top computer

By Jason Crisp

COMMODORE (UK), the home computer maker yesterday halved the price of its top model, the Plus/4, to £150.

The move, made exactly one week after the company said it had no intention of cutting prices, confirms that a fierce price war has broken out in Britain's troubled home computer market.

Commodore's reduction follows recent cuts in the U.S. Earlier this year the company announced a sharp fall in profits on lower sales.

Last month two leading UK home computer companies, Sinclair Research and Acorn, made

HOME COMPUTER PRICE CUTS

	WAS £	NOW £
Atari 800XL	170	130
Sinclair Spectrum Plus	180	130
Acorn Electron	200	130
Commodore Plus/4	300	150
Goldstar MSX	230	199
Mitsubishi MSX	249	225

sharp price cuts as fears grew that UK demand would fall this year and that competition from the U.S. and Japan would get tougher.

Before Christmas, Atari, the U.S. company, reduced its best selling model, the 800XL, by £40 to £130 and there are fears that it may cut its prices again to dispose of excess stocks. The Japanese have also cut the price of the MSX family of home computers, which have been widely criticised as too expensive.

Acorn, which suspended dealings in its shares on the Unlisted Securities Market on Wednesday had earlier reduced its Electron model from £200 to £130 in a bid to clear stocks and generate much-needed cash.

Commodore yesterday made a further 12 staff redundant at its plant in Corby following 114 job losses there last week. The company still employs more than 600 in the UK, where it is to make the Plus/4 for the rest of Surope.

The price cut has caused some confusion because the more powerful Plus/4 now costs less than the older, but very successful, Commodore 64, which sells for about £199.

S. Wales vote on pit return likely

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE SOUTH WALES area of the National Union of Mineworkers, the most solid supporter of the 11-month pit dispute, may hold the key to ending it.

Next Wednesday a conference of delegates from pits throughout South Wales will discuss the option of returning to work without an agreement, an option favoured by many of the area's lodge officials.

If a vote on this proposition were won, the area leadership would either have to argue the case at a national level or implement the decision in the area, with a devastating effect on the strike nationally.

Lodge meetings over the weekend will also discuss this tactic, in the face of what many activists in the area see as irresistible pressure from below to find a solution to the strike.

However, Mr Arthur Scargill, NUM president, will continue attempts to keep the strike going by creating initiatives for talks. He wrote formally to the NCB yesterday, requesting a meeting—a request which followed Thursday's meeting of the NUM executive and the executive of the pit deputies' union, Nacods, in which a joint plea for negotiations was made.

If that request is rejected—as it almost certainly will be, if couched in the same terms as those announced by Mr Scargill after the executives' meeting—Mr Scargill will approach Mr Pat Lowry, chairman of the Advisory Conciliation and Arbitration Service, to request Acas set up an independent inquiry to "determine the issues at stake" in the dispute.

That is also likely to fail. Acas would, in practice, need the agreement of the Government and the NCB to such an inquiry, and neither are minded to give it.

It is also unlikely that the board's refusal to restart talks will stimulate Nacods into industrial action. Much of the joint executive meeting was spent in fruitless attempts by the NUM to persuade Nacods leaders to pledge industrial action if no talks were agreed. They succeeded only in agreeing a demand for talks without any threats.

The Nacods executive holds its routine meeting on Tuesday, but any proposal to ballot members on industrial action is unlikely. Mr Joe Benham, Nacods treasurer and Durham area secretary, said last night that he did not envisage officials taking strike action over the issue.

The board retains some hope that over the next two weeks the NUM will move towards talks, accepting the need to talk about uneconomic pits. A draft written agenda, drawn up by the NCB, remains before the NUM leadership, though it is understood that the draft was not discussed by the full executive on Thursday.

Item one of the draft is the issue of the closure of uneconomic pits. It grew out of negotiations last week between the board and the TUC on a draft agenda, during which the TUC tried unsuccessfully to get agreement on an agenda on which talks could begin. That draft has not been formally repudiated by the NUM.

Many in the industry believe the drift to work will continue to accelerate and that Monday's figures could top last Monday's 1985 record of 2,318 new faces returning in a single day.

The NCB claimed 151 more new faces yesterday, bringing the week's total to 3,732. It says 83,000 miners are now no longer on strike, 44 per cent of the 187,300 NUM members employed by the board.

- Mr Leon Brittan, Home Secretary, said yesterday that only 150 miners had been jailed during the strike, not 600 as previously thought. He said 9,000 had been arrested and many cases had still to come to court.
- Mr Gerald Kaufman, shadow Home Secretary, accused the Prime Minister of acting like a dictator in preventing a negotiated end to the strike.

In a speech in Wrexham, he said Mrs Thatcher had refused the miners' request to talks without preconditions because she said the miners must agree to the final result of negotiations before negotiations even begin. "She has already decided that result. This is the demand of a dictator, not a prime minister."

Scargill surprise, Page 4

MARKETS

DOLLAR
New York lunchtime:
DM 3.252
FFr 9.9255
SwFr 2.769
Y260.10
London:
DM 3.2575 (3.245)
FFr 9.94 (9.9025)
SwFr 2.775 (2.76)
Y260.65 (260.65)
Dollar Index: 149.3 (149.2)
Tokyo close: Y260.50 (260.15)

U.S. LUNCHTIME RATES
Fed Funds: 8 5/16% (same)
3-month Treasury Bills: 8.26% (8.15)
11.25% Long Bond: 99⅝
yield: 11.26

GOLD
New York: Comex Feb latest $299.8 ($299.7)
London: $299¼ (302)

STERLING
New York 3 pm $1.10325
London: $1.1105 (1.1165)
DM 3.615 (3.6225)
FFr 11.04 (1.055)
SwFr 3.08 (3.0825)
Y289.5 (291.0)
Sterling Index: 71.8 (72.0)

LONDON MONEY
3-month interbank: closing rate 13 15/16% (13 1/16)
3-month eligible bills: buying rate 12⅞% (12 13/16)

STOCK INDICES
FT Ord 988.5 (—0.7)
FT-A All Share 622.26 (622.00)
FT-SE 100 1,293.5 (—1.0)
FT-A long gilt yield index: High coupon 10.73 (10.69)
New York lunchtime: DJ Ind Av 1,287.10 (—2.98)
Tokyo: Nikkei Dow 12,009.01 (+68.21)

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 75; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 60p; Malta 30c.

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For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.

Britain 'ready to hold talks with Libyan officials'

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

BRITAIN IS ready to bold talks with Libyan officials as a step towards improving relations between the two countries, following the release of four British hostages held by Libya for nearly nine months, Sir Geoffrey Howe, the Foreign Secretary, announced yesterday.

In a written reply to a question in the House of Commons, the Foreign Secretary said the meeting would be held under Italian auspices to discuss "matters of concern to each side."

The Italians have been looking after British interests in Tripoli since April last year, when Britain broke off diplomatic relations with Libya over the shooting of Policewoman Yvonne Fletcher, outside the Libyan Embassy in St James's Square.

Officials said that the timing and agenda of the meeting had not yet been decided. But il could take place in a third country and some sources suggested that Rome might be the venue.

Foreign Office officials stressed, however, that a resumption of full diplomatic relations was not envisaged in the foreseeable future. Colonel Muammer Gadaffi, the Libyan leader, has threatened that a refusal to restore formal links could again cause a deterioration in the relations between Britain and Libya.

In a clear reference to that possibility, Sir Geoffrey said in his reply: "The welfare of the remaining British community in Libya of 5,000 is still a major concern. Their treatment will be an important measure of Libyan intentions."

In addition to holding talks with Libya at official level, Sir Geoffrey said tha British interest section of the Italian Embassy in Tripoli, the Libyan capital, would be authorised to accept visa applications in certain medical and compassionale cases.

Romania faces UK request for £5m arrears payment

BY DAVID BUCHAN

SIR GEOFFREY HOWE is likely to press Romanian ministers today for prompt payment of some £5m arrears owed to British Aerospace (BAe) and Rolls-Royce for their part in joint manufacture of BAC One-Eleven airliners in Romania.

The British Foreign Secretary left last nighl for Bucharest on a trip that will take him early next week on to Bulgaria and Turkey. His prime focus, as with the tour of three more East European countries he plans in April, will be on East-West relations and arms control.

But, on the first leg of his Balkan tour, he may have to play "the debt collector," because the Romanians are considered certain to raise the issue of further Anglo-Romanian aviation collaboration, and the UK companies concerned have made settlement of arrears a minimal precondition for this.

Under a 1978 contract signed personally by President Nicolae Ceausescu, whom Sir Geoffrey is expected to meet tomorrow, BAe and Rolls-Royce licensed manufacture in Romania of the One-Eleven air frame and the Spey engine. So far only four "Rombacs" have been built, largel with UK-made components. But by the time the 22nd aircraft comes off the production line, manufacture as well as assembly is to be totally Romanian, making the deal the largest transfer of British hi-tech to an East European country.

But the project has been plagued by payment arrears, not unusual in trade with Romania.

Chernenko's reappearance causes confusion in Moscow

BY PATRICK COCKBURN IN MOSCOW

THE ATTENDANCE of President Konstantin Chernenko at Thursday's Politburo meeting, a day after the editor of the Communist Party daily Pravda said that the Soviet leader was ill, has caused some confusion in Moscow.

President Chernenko has not carried out any public duties since December 27 and was unable to attend a Warsaw Pact meeting last month. His absence has provoked widespread diplomatic speculation about his health but the severity of his illness is unclear.

The brief report of the Politburo meeting said that Mr Chernenko had spoken on agricultural matters.

A more useful indicator of whether the Soviet letader has fully resumed his functions may come next Monday when Mr Andreas Papandreou, the Greek Prime Minister, visits Moscow.

President Chernenko's failure to meet the Greek leader would be a sign that his health has not returned to normal.

Mr Chernenko is also due to make a speech accepting his nomination for the February 24 elections to local parliamentary bodies.

Diplomats are perplexed that Moscow should have gone to the trouble of confirming his illness a day before he reappeared.

Fed 'must resist money supply expansion'

By Reginald Dale in Washington

MR PAUL VOLCKER, the chairman of the Federal Reserve Board, yesterday said that the Fed must resist pressure to expand the U.S. money supply to resolve the imbalance between domestic savings and investment.

"Printing money is not a substitute for the real savings necessary to finance high levels of investment and budget deficits simultaneously," he said in testimony before the Senate budget committee.

Mr Volcker said that excessive monetary creation would be counter-productive to the extent that it stirred new inflationary fears, which in turn could drive interest rates higher.

By undermining the growing confidence in prospects for price stability, it could also discourage the inflow of foreign capital on which, for the time being, the U.S. was dependent, he said. If Congress failed to make substantial inroads into the budget deficit, "I don't think we have the option of inflating this problem away," he added.

Mr Volcker took issue with President Ronald Reagan's claim in this week's State of the Union message that economic growth was the best way of reducing the budget deficit. There was a clear threat that, left untended, the deficit would rise over future years even in the context of a growing economy, he said.

Mr Volcker warned that a loss of foreign confidence in investment in the U.S. would cause a sharp drop in the inflow of foreign funds.

U.S. wants Nato help on Star Wars

By Robert Mauthner

THE U.S. wants to enlist the help of scientists and experts from its Nato allies to develop the technology for its Strategic Defence Initiative (SDI), known as the Star Wars project.

Mr Caspar Weinberger, the U.S. Defence Secretary, said in London yesterday. "We welcome assistance from our allies at all phases of the plan."

Mr Weinberger went out of his way to dispel what he described as the erroneous impression that the SDI system would be effective only against inter-continental ballistic missiles.

If the research was successful, it would provide "a thoroughly reliable defence" against medium-range as well as long-range offensive missiles. There was no question, therefore, of a decoupling of the U.S. from Europe as the result of the adoption of the SDI, Mr Weinberger said.

Mr Weinberger added that the U.S. had no intention of taking retaliatory steps against New Zealand for refusing to allow U.S. ships carrying nuclear weapons into its harbours.

Oil shale deal near for Brazil

By Andrew Whitley in Rio de Janeiro

BRAZIL IS close to agreement with the U.S. on the provision of Brazilian-developed technology for a $260m (£233m) oil shale extraction plant in the U.S.

Petrobras, the Brazilian state oil company, is negotiating with the U.S. Synthetic Fuels Corporation, a federal government agency, and a letter of intent is expected in about 10 days' time.

Brazil is a world leader in the technology but a lack of funds has hindered its application on a large scale within the country.

According to Petrobras, the technology transfer to the U.S. will take place through a joint venture with Stone and Webster and American Syncrude, both of the U.S.

Venezuela cuts price of light crude oil

VENEZUELA IS to reduce the average price of its light and very light crude oil by $1.75 a barrel, with effect from Sunday, Dominic Lawson reports.

The Venezuelan energy ministry said that the moves would bring Venezuelan oil into parity with the new pricing structure agreed by Opec.

Tony Walker tastes the liquid assets from the cellar of Chateau Musar near Beirut

Lebanese battlefield vintages win acclaim

"AS YOU can see we keep our assets liquid," said Mr Ronald Hochar, gesturing to tens of thousands of dusty wine bottles in the cellars of Chateau Musar.

M Hochar was speaking as the Lebanese pound traded at an historic low and it appeared unlikely 1985 would be a vintage year for Lebanon's economy.

At Chateau Musar in the hills behind Jounieh port, 16 km north of Beirut, the Hochar brothers, Ronald and Serge, produce distinguished reds despite Lebanon's turmoil. A wine-makers barometer of the troubles were the two "lost" vintages of 1976 and 1984 coinciding with the worst conflict.

Chateau Musar has been steadily building an international reputation through the years of war. In 1984, Serge Hochar was named "man of the year" by Britain's Decanter wine magazine and in New York recently he was honoured by wine critics.

The 1984 Chateau Musar has been compared favourably with the best of Chateau Latour and Chateau Mouton Rothschild. Its characteristics — black currants and cedarwood — are said to be those of the Bordeaux region where Serge Hochar was sent for training by his father, Gaston, who started Chateau Musar in the 1930s.

"Losing a vintage," says Serge, "is not the end of the world. The advantage of wine is that it ages and when it ages well it doesn't matter if you don't produce for a couple of years."

Not that the Hochars spare any effort each year to process their grapes which must be brought some distance across the mountains from the West Bekka Valley in an area occupied by Israeli forces and within range of Syrian mortars.

Transporting the grapes from behind "enemy" lines proved too much even for the Hochar's ingenuity last year. A combination of Israeli obduracy—trucks carrying the grapes were held up for days in the sun at an Israeli road block—and bad weather, which prevented them being shipped by sea, ruined the 1984 vintage.

For Serge Hochar, the worst part about losing a vintage is not the financial cost, rather tha loss of the "experience." Your life, he says, is geared to the two wine making months, September and October and when it doesn't happen you feel a personal sense of loss.

In the deep cellars of Chateau Musar, fashioned from an remodelled ancient building, the Hochars have reason for a small celebration despite Lebanon's continuing problems.

The 1983 vintage which was a little disappointing at first is now showing promise: "1983 may be one of the very great vintages," says Serge. "Notice the deep ruby colour. It's very concentrated, lots of flavour and very lengthy.

International acclaim for tha Hochars is recent. Their first determined venture outside Lebanon was to exhibit at the 1978 Bristol wine fair where their product received good notices.

Michael Broadbent, the British wine critic, wrote at the time that the 1967 was "outstsnding and inexpensive, the 1961 and 1959 great. Hard to describe, full soft—a bit of claret, a touch of Burgundy."

In 1981 the New York Times' wine writer was astonished to "discover cabernet of such quality from Lebanon," and ha extolled the virtues of the Musar 1964 which was "fruity, rich, tannic and textured, with a classic Bordeaux bouquet of blackcurrants and cedarwood and a flavour intensity that I normally associate with Chateau Latour and Chatean Mouton Rothschild in exceptional vintages."

Serge explains that part of the secret of Chateau Musar's success and the reason for the favourable comparison with Bordeaux wines is that the variety of grapes grown at its Bekaa vineyard matches that in France.

The growing conditions are near perfect with 300 days of sunshine a year. Bad frosts are rare in the Bekaa where the world's first grapes are said to have been cultivated.

The Hochars produce about 1m bottles of wine a year, 50 per cent of which were exported in 1984, a big increase on the year before reflecting growing international recognition and difficulties in the local market.

"It is more profitable to export," says Ronald. "But we're limited with the quantities we have and at the same time we don't wish to flood the market."

Serge says the Hochars will continue in the wine business come what may. The family has considered purchasing a vineyard in California in case access to their grapes in the Bekaa is stopped by war or partition of the country.

But until that happens there is no question of the Hochars moving. "I would have stopped making wine," says Serge, "if I did not have faith in what I do and faith in the future."

From the gallery above Chateau Musar there is a view of a housing project in traditional Lebanese style with building done from stone quarried on the site.

The houses, part of a $80m (£55m) development, look down on the once elegant Casino du Liban and across the Bay of Jounieh to Beirut. The Hochars say the project is another expression of their faith in the future of Lebanon.

However, it is for their ability as wine-makers they wish to be judged even though their real estate interests contribute more to the family coffers. "What is a building development," says Ronald, "compared with a fine vintage?"

Marchais scores victory over reformists

BY PAUL BETTS IN PARIS

THE HARDLINE leadership of the French Communist Party has won a tactical battle at the party's 25th Congress over dissident members who hava been calling for reforms at a time when the party is suffering a steady and alarming electoral decline.

After two days of debate, the leadership has succeeded in smothering the dissident voices of the so-called reformist members of the party. Each time a "renovateur," as the reformists are known, spoke out in the cavernous congress hall, he was put down by leading party members.

The leadership sought from the beginning to stifle internal party critics. In his five hour address opening the Congress this week, M Georges Marchais, the Communist secretary-general, insisted on the need for party unity and loyalty.

He also defended the leadership's policies and sought to blame the party's decline on the policies of the French Socialist Party

But M Marchais, whose mandate as secretary-general is expected to ba renewed on Sunday when the Congress ends, appears to have won a Pyrrhic victory. Although tha hardliners have re-established their overall hold on the party, their critics have scored points by warning of the longer term implications of the party's policies.

M Pierre Juquin, the party's official spokesman and a leading reformist, warned yesterday of the dangers for the party to close itself into its shell and become isolated from political life in France.

While measuring his criticism of the leadership and pledging his support to the party and its majority decisions, he said: "We will not win our battles by fixed dogmas. Debate is for the Communists like oxygen to the human body."

M Juquin is unlikely to be re-elected to the party's politbureau although he could still retain a seat in the central committee.

EEC forecasts growth in industrial investment

BY OUR BRUSSELS STAFF

THE RECOVERY of industrial investment in the EEC will continue and accelerate to reach a real rate of 9 per cent in 1985, according to the latest Community business survey published by the European Commission.

Responses from European manufacturing industry also suggest that there could be a slight increase in employment in that sector in 1985, after 10 years of continual and rapid decline.

The forecast growth rate amounts to 14 per cent in current prices, and compares with a real rale of 7 per cent (12 per cent in current prices) in 1984.

The survey reveals that the percentage of companies planning to enlarge capacity in 1985 has increased for the second successive year, although the major part of industrial investment will still be concentrated on rationalisation and modernisation of existing.

Plans for investment in new capacity—an important indicator of possiblenew jobs—remain particularly low in France, where only 13 per cent of companies reported such an intention, compared with an EEC average of 20 per cent.

Walesa in plea for accord

BY CHRISTOPHER BOBINSKI IN WARSAW

MR LECH WALESA, the Polish Solidarity leader, has chosen the close of the Popieluszko murder trial to appeal again for a national accord between government and people, and to urge the Polish authorities to go further in showing that "the right of law dominates over the right of force."

His appeal yesterday came a day after four secret policemen received sentences ranging from 25 to 14 years for their part in the kidnap and murder of Father Jerzy Popieluszko, the pro-Solidarity priest.

The official media made no comment on the prison sentences. But Mr Walesa said: "Forgiveness for such a cruel death could have a full moral sense, if there was a revival in public lifa following this drama."

Swedes agree 5% pay settlement framework

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S blue collar trades union council and the SAF employers' federation have agreed on a framework for the 1985 pay settlement aimed at keeping total wage costs within the Government's voluntary 5 per cent guideline.

Prime Minister Olof Palme, greeted the bargain, which was reached in the early hours of yesterday morning, as "an outstanding settlement for the Swedish economy."

Because the 5 per cent guideline includes both the carried-over cost of last year's settlements and the cost of individual agreements reached at plant level, there is in many cases only the most slender margin for an actual pay increase.

The agreement covers about 800,000 blue-collar workers representing about 30 per cent of Sweden's labour force.

● Voting along strict party lines, the Government yesterday defeated an opposition-backed motion of no-confidence in the Foreign Minister, Lennart Bodström, whose private remarks to journalists last week led to a bitter controversy over his commitment to Swedish defence policy and may cause the Government difficulties at the polls this autumn.

Portugese party to meet

BY DIANA SMITH IN LISBON

THE 97-member national council of Portugal's Social Democrat Party (PSD) meets today to seek a temporary solution for its leadership crisis.

The council is expected to pick a management committee to run the party until a special congress in April elects a leader.

Professor Carlos Mota Pinto, the party's president, resigned on Tuesday in protest against persistent hectoring by Lisbon-based factions whose leaders, Sr Marcello Rebelo de Sousa and Sr Joao Salgueiro, have persistently sought to unseat him since he was elected in early 1983.

Sr Mario Soares, the Socialist premier, has asked Prof Mota Pinto to remain Deputy Premier and Defence Minister in the 19-month-old coalition government until there is a clearer idea of who will lead the PSD.

Ecu logo breaks down barriers

By Quentin Peel in Brussels

THE promoter of a European Currency Unit travellers cheque is delighted with the nationalities of the winner and runner-up of the competition to design its company logo.

First prize, a cheque for Ecu 10,000 (£6,000) went to Mr Nicholas Craig, a Briton living in Paris, and second prize, a cheque for Ecu 5,000, went to Herr Wolfhardt Bless, of Neumunster, West Germany.

The British and West German governments are generally regarded as foot-draggers in the European Community's efforts tot promote the Ecu, its fledgling currency.

Britain still refuses to join the exchange rate mechanism on which the Ecu is based while the Germans are dead against granting the embryonic Eurocurrency any status for private transactions.

The French travellers cheque promoter, Societe du Cheque de Voyage en Ecu, owned by Credit Lyonnais, Banque National de Paris, Credit Agricole, and Credit Commercial de France, regards the whole exercise as an excellent example of Community co-operation.

It was quick to point out that Herr Bless will be able to cash his cheque because his country's banking regulations merely forbid any German from incurring Ecu-denominated debts, not ecu credits.

The travellers' cheques are due to be issued in about two months' time. The hope is that they will attract travelling purchasers keen to protect themselves against the fluctuations of their individual currencies, and to enjoy the greater stability of the Ecu, which is based on a basket of them all.

Thomas Cook, the travel subsidiary of the Midland Bank, is preparing a rival Ecu travellers' cheque for the Eurocheque association of banks.

Coronet TV leases RCA satellite

BY DAVID MARSH IN PARIS

FRESH SPARKS are likely to fly in France's long-running battle with Luxembourg over satellite television following a breakthrough by Coronet, the private enterprise communications group based in Luxembourg, in its plans to beam TV signals from space to much of western Europe next year.

Coronet, which is in the final stages of negotiating backing from a group of European investors including West Germany's Detsche Bank, has just signed an accord to lease a high powered communcations satellite from RCA of the U.S. and launch it with the Ariane space rocket in September 1986.

The Coronet project has been heavily criticised lready by the French Government, which fears it will compete with France's own TDF-1 direct TV satellite planned to be launched in July next year.

The venture has also been condemned by the Paris-based Eutelsat organisation owned by the telecommunication authorities of 20 European countries, which believes Coronet will damage its commercial opportunities for existing and planned ECS communications satellites.

The Coronet accord with RCA and with Arianespace, the commercial organisation which sells space launches on board Ariane, brings a new twist to months of complex manoeuvurings among government and private organisations in Luxembourg, France and West Germany over the future of satellite broadcasting in Europe.

The agreement with RCA covers the acquisition of two high-powered satellites, costing $120m (£109m). They are designed to beam TV pictures, backed by advertising, to collective antennae on buildings like apartment blocks and hotels as well as to cable networks. The second spacecraft is planned to be launched in 1987.

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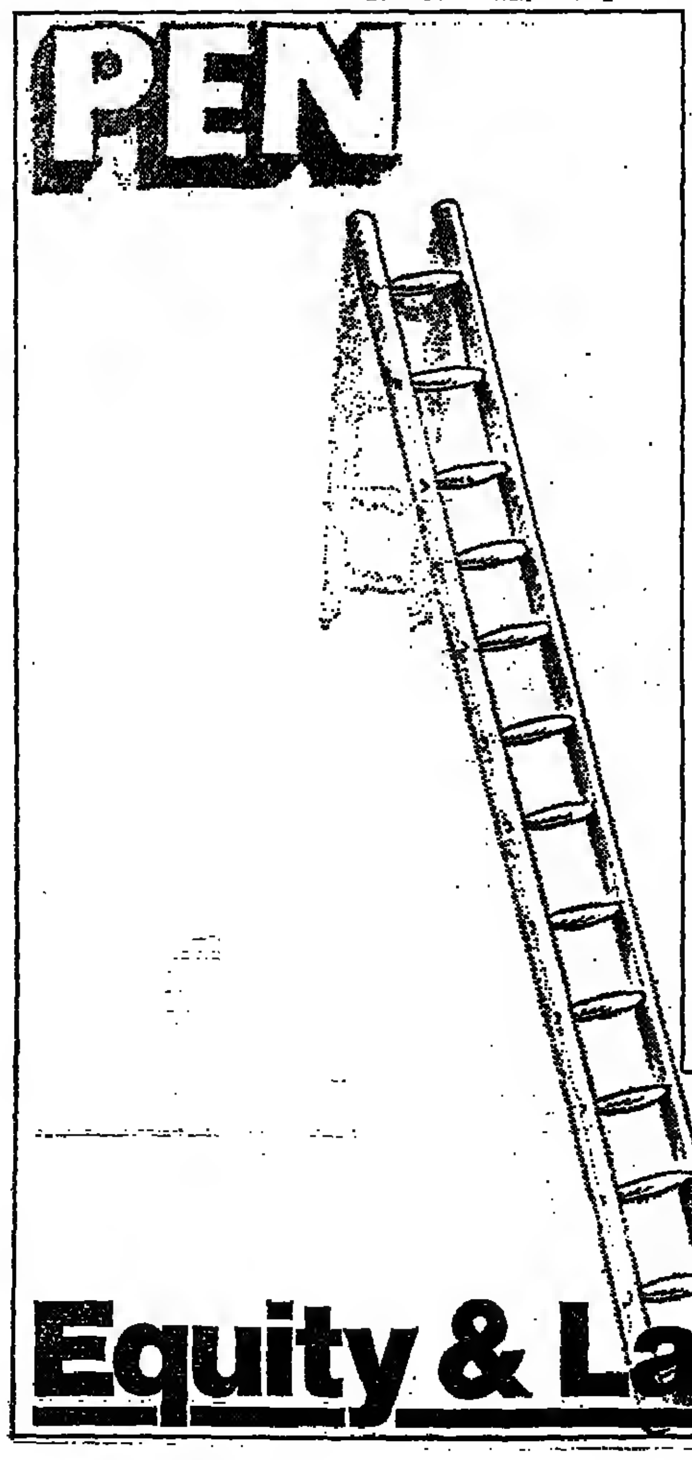


Texaco aims to increase its pump prices by 4p

BY DOMINIC LAWSON

TEXACO, fourth largest petrol retailer in the UK, will attempt to raise prices at the pump by an average of 4p a gallon by withdrawing all price support for its dealers with effect from the start of business next week.

None of the integrated oil companies is making money in the UK petrol retail market at the moment, and it seems that British Petroleum, Shell and Mobil, three of Texaco's main rivals, are prepared to follow the U.S. oil company.

Uncertainty surrounds the intentions of Esso, which vies with Shell for leadership of the petrol market.

Two weeks ago Texaco called publicly for an increase of about 5p a gallon, which it felt would be the minimum required for the industry to make a profit.

Esso promptly responded that the market was not ready for a price increase, and none of the main variables in the petrol market has altered significantly since.

If Esso does not follow the increase Texaco, and any company that follows it, will have to come back down again.

Texaco said yesterday that the effect of withdrawing price support would be a four-star price of 191.9p a gallon, an average increase of 4p.

Some areas such as South Wales would have a very large increase, since pump prices there are as low as 180p. Others such as Scotland and Northern Ireland, are less competitive, and the average price in such places is very close to 191.9p.

Mr Harry Matthews, Texaco's managing director, said yesterday that the main reason for the increase was the continued appreciation of the dollar, in which crude oil is priced, against the pound.

He said though the dollar price of North Sea crude had fallen, sterling cost of North Sea oil was now about £25 a barrel, an increase of 21 per cent over the past year.

He added that crude oil costs last year increased by the equivalent of 12p a gallon, while oil companies gained price increases of only 1.5p a gallon in the same period.

Yesterday spot price February shipments of North Sea crude was quoted as high as $28.90, higher than the last official price agreed by the British National Oil Corporation.

But Esso is likely to note that the sterling price of gasoline on the spot market has actually fallen, by £5 a tonne, since petrol prices were last increased in September.

For the independent chains that factor is more important than North Sea crude prices, and the danger for the majors is that if they raise their prices they may lose market share to the independents who buy their petrol at low spot-market prices.

Port wins back container customer

By Richard Tomkins

THE Port of Southampton has won back its biggest customer, the Trio consortium of five shipping lines. The consortium stopped using Southampton when a 13-week manning dispute closed the port's container terminals on October 20 last year.

Trio's return is a significant boost to Southampton's recovery in the wake of the strike. Container traffic accounted for 70 to 80 per cent of the port's business before the dispute broke out, and Trio handled about three-quarters of it.

The remainder was handled by the Southern Africa Europe Container Service which announced on Wednesday that it would resume using Southampton as its UK port of call from April 1.

Trio is a consortium of five shipping lines from three countries: Overseas Containers and Ben Line (UK) Nippon Yusen Kaisha and Mitsui OSK Lines (Japan) and Hapag Lloyd (West Germany). It operates between northern Europe and the Far East.

Since the Southampton dispute began, it has been using Greenock, Bristol and Tilbury as its UK ports of call and transhipping some goods in smaller vessels from Continental ports. Its first vessel to call at Southampton since the dispute began will be the Cardigan Bay on February 18.

Settlement of the dispute has enabled the port to cut its costs—and therefore the rates it offers—considerably. Cargo handling gangs have been cut by 25 per cent and new shift work arrangements have cut dockers' weekly pay of £270 a week by up to £40.

Trio's decision to resume working from Southampton was announced after a meeting with Associated British Ports yesterday afternoon.

Mr Michael Leslie, chairman of the Trio steering committee and general manager of Nippon Yusen Kaisha's London branch office, said: "As a result of these talks, we feel we have assurances that they will provide a viable and efficient service and it is on that basis that we are going back.

Kenneth Gooding surveys Sir William Lyons' productive life

Jaguar founder saw former glory returning

SIR WILLIAM LYONS, founder of the Jaguar car company, who died at his home near Rugby yesterday aged 84, lived long enough to see Jaguar return to something like its former glory.

Record car production last year followed its move back to the private sector as an independent organisation. Jaguar shares are selling at nearly double the price at which they were sold last August.

In his later years, much mellowed and a more approachable character than in his heyday, Sir William struck up a personal friendship with Mr John Egan, Jaguar's managing director, and the product engineering chief, Mr Jim Randle.

Consequently Sir William's influence on Jaguar products will continue to be felt for some years yet because of the advice and help he gave them

He is given most of the credit for building up Jaguar over 30 years. Like many British industrialists at the time, he ruled the company with a rod of iron. Autocratic, dictatorial and aloof, he went to great lengths at times to get his own way.

The story is still told of how in 1963 when he wanted to bring back to Jaguar Mr Wally Hassan, a senior engineer who left to join the Coventry Climax engine company and improve his prospects, Sir William did not approach Mr Hassan himself, but instead went out and bought Coventry Climax.

It was in 1922 that Bill Lyons co-founded the Swallow Sidecar Company. In 1927, because of its success in selling cigar-shaped sidecars made from aluminium, the company was able to extend production to cars based on the chassis of popular models of the time, such as the Austin Seven.

The following year the company moved to Coventry, which was rapidly becoming the heart of the expanding motor industry.

In 1931 Lyons introduced the first car completely of his own design, the SS Swallow Sports.

Sir William Lyons right and one of the classic models the Jaguard XK 150 drophead

It was promoted as "the car with the £1,000 look," but cost only £310.

The Jaguar name was first used in 1935 after Lyons had eliminated others, such as Hawk and Gazelle, from a short-list.

SS Cars was floated as a public company in 1935 and the issue heavily over-subscribed. With the help of an engineer, William Heynes, Lyons continued to develop the SS range to include a model fitted with the company's own 120hp, 2.5 litre engine which powered the SS100 to well over 100mph.

To achieve good sales for the SS100, the car went on sale at a very low price, £385. Sir William recalled many years later: "I never charged enough for the cars in those early years."

But by the outbreak of war in 1939 production was running at 5,000 a year. During the war car production gave way to output of military equipment, which included fuselage sections for pioneering jet aircraft.

When car output resumed after the war the old SS name was dropped because of its Nazi associations and the company was renamed Jaguar Cars.

Jaguar's XK engine was the first mass-produced engine with twin overhead camshafts and hemispherical combustion chambers. It was used in 1948 to power the XK120, first of a series of sports cars which included the XK140 and XK150.

The XK engine and the styling of the XK series cars brought Jaguar worldwide acclaim, and provided the foundation for the company's reputation for design and performance that lives on today.

During the 1950s Jaguar cars won the Le Mans 24-hour race five times, something else that boosted its fame.

Production grew rapidly in the 1950s, and topped 20,000 cars for the first time in 1959. The company moved to its present factory at Browns Lane, Coventry, in 1951 to cope with the expansion in demand.

Sir William, knighted in 1956, diversified, acquiring the Daimler saloon car company, which gave extra capacity and two excellent V8 engines—and Guy, the lorry-builder. Later Coventry Climax was added.

By the mid-1960s Sir William was approaching retirement age, as were most of his fellow-directors, and the question of who would succeed him became a pressing issue. His only son had been killed in a car accident in 1955.

The problem seemed to have been solved through the friendship Sir William struck with Sir George Harriman, chairman of British Motor Corporation, which had emerged in the 1960s from a series of mergers designed to strengthen the UK motor industry.

The two men shared a car after a London dinner one evening and a casual remark about the succession at Jaguar soon turned to more serious discussions about a merger of BMC and Jaguar.

Sir William later recalled that right up to the merger with BMC in 1966 his company was always profitable, though it is a widely-held belief in the industry that after 20 years of post-war success, Jaguar was prepared to merge with BMC only because it was unable to pay for its model replacement problem.

Last year Sir William rejected that suggestion and insisted there were two other reasons. "I hadn't long left in day-to-day management, and I wanted to leave the company in good hands."

He was also worried because BMC had acquired Jaguar's supplier of body panels, Pressed Steel Fisher, and was concerned about future continuity of supply.

BMC merged with Leyland to form British Leyland in 1968, a move which Sir William later described as "ruinous." By 1975 British Leyland had run out of money, and turned to the Government for help.

Sir William, a large, pink-cheeked man, remained actively involved with Jaguar until 1972. At the age of 70 in 1971 he went on a coast-to-coast tour of the U.S. to promote the V12 E-type Jaguar. He has been honorary president of the company since 1972.

He leaves a widow and two daughters. Mr Egan said yesterday: "Sir William created this company, and will be sadly missed by his great many friends at Jaguar and throughout the motor industry."

Water body 'keen to be privatised'

By Richard Evans

MR ROY WATTS, chairman of Thames Water Authority, said Thames would volunteer "here and now" to be the first water authority to be privatised. His remark follows a promise by Mr Ian Gow, Environment Minister with responsibility for the water industry, that the Government was to consider privatisation of water authorities.

Mr Watts does not believe his battle with the Government over pricing policy for water has been lost, in spite of Thursday's Commons vote which will increase prices by 10 per cent.

He intends to concentrate his attack on the issue of privatisation and believes Ministers could be forced into announcing early plans for privatisation to avoid another conflict over water charges next year.

Although the Government won the division by 104 votes, nearly 40 Tories voted against or abstained and there was widespread dissatisfaction over the coercion of the water authorities into increasing charges by twice the rate of inflation.

The Government's opponents believe criticism will increase when the higher charges take effect after April. The average increase for 11m Thames area customers will be more than £12 a year.

Thames Water originally proposed an increase of 3 per cent as sufficient to cover investment costs and make a profit. This was countermanded by the Government as part of its campaign to maximise profits from nationalised industries and reduce public sector borrowing.

Mr Watts said he was convinced privatisation was the best way to ensure long-term protection for customers.

In his view, ministers would have to give serious consideration to the relationship between the Government and water authorities if they were to avoid "substantial and increasing opposition next year and in succeeding years."

Managers buy out shoe company

BABY DEER, Stranraer manufacturer of children's shoes, has been bought from its Manchester-based parent company, Phillips Components Holdings, by two directors.

Tate & Lyle developing artificial sweetener

BY CARLA RAPOPORT

TATE & LYLE, the sugar group, is developing an artificial sweetener in co-operation with Johnson & Johnson, the large U.S. pharmaceutical and consumer products group.

The sweetener, code-named TGS, is in the development stage but Tate & Lyle said yesterday the product was "looking good in safety tests."

The artificial sweetener market has become increasingly competitive worldwide as more companies seek to reduce the sugar in their products without sacrificing taste or safety. Tate & Lyle introduced thaumatin, its first artificial sweetener, in August 1983.

Thaumatin, under trial with food manufacturers, is primarily a flavour enhancer, not a sweetener. Its prime commercial target is expected to be the chewing gum market.

This week, Johnson & Johnson submitted TGS to the U.S. Food and Drug Administration for approval. This process could take years as the safety standards for artificial sweeteners in the U.S. are particularly high.

Tate & Lyle said the sweetener was sucrose-based and chemically derived. Thaumatin, by contrast, is drevide from the West African katemfe fruit. The company declined to comment further on the product's development, and said it would be some years before it knew TGS's commercial value.

Second science park planned

A SECOND science park in Cambridge could open in a couple of years, following yesterday's announcement of plans for a £5m innovation centre on 22 acres of land owned by St John's College on the city's outskirts.

Some of the money to develop the centre, with the rest coming from venture capital organisations and Prof Wayne Brown, a U.S. entrepreneur who runs two innovation centres in Utah and Texas.

Final bids for RAF trainer submitted

BY LYNTON McLAIN

THE Ministry of Defence has received final bids for the £200m contract for new trainer aircraft for the Royal Air Force. Ministers are expected to reach a decision on the trainer in the next few months, the Ministry said yesterday.

Four aerospace manufacturers were eventually permitted to submit their "best and final" bids for consideration. This was after the ministry had reversed a decision to invite only two of the short list of four bidders to put final offers.

The companies initially invited to submit final offers were British Aerospace, collaborating with the Swiss Pilatus company on the PC9 trainer aircraft, and Short Brothers of Belfast, collaborating with the Brazilian Embraer company on the Tucano trainer.

Protests from the other two original bidders, Hunting Firecracker Aircraft with the UK Firecracker and Westland Aircraft with the Australian-designed A-20 Wamira II aircraft, led to all four being asked to submit their "best and final" bids.

The ministry pointed out yesterday that the additional option for the RAF of refurbishing the existing jet trainer, the Jet Provost, "could not be ruled out at this stage." All four of the competing aircraft are powered by turbo-propellor engines.

The tender for the basic trainer calls for the manufacturers to submit proposals to supply 130 aircraft, with an option for an additional 15 trainers.

Talbot lays off 1,000 over Iran delay

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT UK last night laid off indefinitely the 1,000 workers engaged on its £130m-a-year export contract to supply car kits to Iran.

The company said production could not be resumed until letters of credit were received from Iran ot pay for kits already stockpiled at Newport Docks, South Wales.

It said: "We are hopeful the letters will not be delayed much longer because the Iranians are anxious to keep their own assembly-lines running as this is such a popular car." The kits, based on the old Hillman Hunter, are sold in Iran as the Peykan.

Talbot, UK subsidiary of Peugeot of France, suffered a £1.89m loss for the first half of last year because of similar delays in letters of credit.

Even though the Iranian problem caused a *six-week* lay-off at the Coventry engine-plant in the second half, Talbot is thought to have achieved a trading profit for the whole year.

Majorca to expel hooligans

By Arthur Sandles

TOURISTS WHO cause trouble on the Mediterranean holiday island of Majorca this summer will be sent home immediately as part of the island's general tightening of standards.

A leading Majorcan hotelier said: "The hooligans—Spanish, English or Scandinavian — within two hours they will be out. We have the co-operation of the tour-operators in this."

Sr Juan Caldentey, assistant managing director of Sol Hotels, said an agreement had been made among hotel, bar and restaurant interests, local authorities and tour-operators.

By it many tourist resorts on the island are banning open-air music after midnight, and actions such as taking crates of beer to beaches and selling drink out of doors late at night.

Civic officials will visit London this month to detail the campaign.

Sr Caldentey denied that Sol, one of biggest hotel groups in Spain, planned to cut prices in response to the fall in British custom. He said Sol's British sales were down by 15 per cent and his group was doing better than many others.

Sr Caldentey said Sol Hotels would not cut prices.

MPs plan rough ride for bus service proposals

BY SUE CAMERON

SIX MEMBERS of the House of Commons Transport committee are trying to delay the Government's Transport Bill designed to deregulate buses and introduce greater competition in local services.

The Bill is due to be given its second reading in the Commons next Tuesday. However, the MPs—four Conservatives and two Labour—are calling for the Commons to postpone a second reading until the transport committee has published a report on "the most fundamental upheaval in the bus industry for over 50 years."

The six have also put down a motion calling for the Bill to be put to a special standing committee. This would mean the Commons itself acting as a committee and able to hear evidence for and against the Bill.

Publication of the transport committee's report is said to be imminent and it is expected to be critical of many details of the Bill.

It is thought unlikely that the six members of the committee will succeed in postponing the Bill's second reading. But their attempts to delay it are regarded as a sign of the strong opposition.

Mr Nicholas Ridley, the Transport Secretary, who has not been noticeably successful in persuading the Commons to accept his policies over the last few months, can probably expect the strongest attacks when it reaches the committee stage.

Low pay rise plan attacked

By Max Wilkinson, Economics Correspondent

TREASURY RESEARCH suggesting that lower pay rises would stimulate economic activity and employment was strongly attacked yesterday by Mr Bryan Gould, the Labour Party's spokesman on trade.

In a letter to Mr Nigel Lawson, the Chancellor, Mr Gould said there was little evidence that lower pay would help employment unless it were accompanied by a change in monetary and fiscal policies.

In the absence of a relaxing of government policies, he believes the main result of a deceleration in pay rises would be to increase company profits. He is sceptical whether companies would use these extra profits for increased investment in the absence of a stimulus to overall economic demand.

Any improvement that a fall in real wages might give to overseas competitiveness would probably be offset, Mr Gould thinks, by a rise in the exchange rate.

In his letter, Mr Gould says: "Your policy is therefore revealed as being nothing more than the age-old Tory pre-occupation with making the wage-earner responsible for mistakes in economic management.

"In domestic terms, a fall in real wages would be most likely to lead to a straightforward transfer from wages to unproductive profits."

A warm wicket

YORKSHIRE County Cricket Club has been offered a third year of sponsorship from Servowarm

VO Offshore to leave Barrow

By Dominic Lawson

JOHN BROWN Engineering is to close down the main, Barrow-in-Furness, office of VO Offshore, an offshore technology design company, only a year after buying VO for about £2m from British Shipbuilders.

VO Offshore works at the forefront of North Sea technology, having designed the hull structure of the revolutionary Conoco Tension Leg Platform.

John Brown is expected to make about half of the 100 employees at Barrow-in-Furness redundant and relocate the remainder at its London office, which already employs 30 VO Offshore staff.

Mr Michael Isherwood, the senior principal naval architect at VO Offshore in Barrow, argued yesterday that it was "foolish" to close down VO Offshore in Barrow, and that the Barrow engineering staff would be investigating the possibility of a management buy-out.

Ignore politics Belgrano jury told

AN Old Bailey jury was warned yesterday not to become involved in politics when deciding its verdict in the General Belgrano secrets trial.

Mr Justice McCowan, at the start of his summing up, told the jury it was not concerned with whether it agreed with the politics of the Government at the time the Argentine cruiser was sunk.

Mr Clive Ponting, 38, has claimed he leaked two documents on the Belgrano sinking to Mr Tam Dalyell, Labour MP for Linlithgow, because he had a duty in the interests of the state and he believed parliament was being misled by the Government.

The judge said that, after a general election, the policies of a party which commanded the support of the majority of the House of Commons were, for the time being, the policies of the state.

It was not a question of the Conservative Party being the state any more than the Labour, Liberal or SDP parties, and he warned the jury not to be misled by thinking any one political party was the state.

Mr Ponting, of Islington, North London, has denied a charge under Section two of the Official Secrets Act of passing two documents to Mr Dalyell last July.

The judge told the jury that a political debate on the policies of the Government at the time of the Belgrano sinking was wholly outside the proper range of its discussions.

The only thing the prosecution had to prove was that Mr Dalyell was not a person to whom it was Mr Ponting's duty to communicate the documents in the interests of the state.

The trial was adjourned until Monday, when the judge will continue his summing up in secret session. He is expected ot send the jury out late in the morning.

Immediate increase in mortgages ruled out

By Margaret Hughes

BUILDING SOCIETIES yesterday confirmed that there is to be no immediate rise in their interest rates. After the monthly meeting of its council members, the Building Societies Association said it believed circumstances did not warrant an increase.

Societies increased rates on February 1 by between 1 and 1.125 percentage points on mortgages and by three-quarters of a percentage on investment accounts.

The association said the situation would be kept under review in the light of competing interest rates, the inflow of funds and mortgage demand.

However, a change in rates this month is considered highly unlikely. Although building society rates are out of line with market interest rates, following the third rise in bank base rates, the inflow of funds from savers has held up well.

January's figures are due to be announced next week. They are expected to show a net inflow of about £850m. This would be the fourth-highest monthly inflow in the past 12 months.

Societies report a steady inflow this month. There may well be a fall off, however, once the new 30th issue of National Savings Certificates paying 8.85 per cent free of tax goes on sale next Tuesday.

National Westminster Bank has also lauched an account which, on balances of more than £2,000, matches the highest return paid by building societies.

Lloyds Bank and Barclays Bank are to launch accounts in an attempt to be more competitive when they have to deduct composite rate tax at source from April 4. Midland Bank has a competitive product in its high interest cheque account.

The returns on these bank accounts are now more competitive with building societies because banks have raised their rates further following the 2 percentage point increase in base rates. Building societies have not and even the February increases did not fully reflect the earlier rises in base rates.

Mr Mark Boleat, the association's deputy secretary general, said the council would be reviewing rates again on March 7. If bank base rates were to fall it was unlikely mortgage rates would come down straight away but a continuation of lower rates could lead to lower mortgage rates.

Gestetner to lose 500 jobs in restructuring

BY JAMES McDONALD

GESTETNER HOLDINGS, the office-equipment group, is to close much of its factory in Tottenham, London. Eventually about 500 jobs will be lost in the Gestetner organisation in the UK, where nearly 2,700 are employed.

The partial shutdown at Tottenham was announced yesterday as part of a reconstruction of the company's manufacturing operations. The cost of reorganisation, phased over the next year, is estimated at about £7m. Gestetner employs about 9,000 overseas.

World sales of duplicating-machines and stencils have fallen in recent years. Gestetner says it has been unable to compensate this by manufacturing alternative products at prices matching those of international competitors.

The use of electronics in new duplicating-machines had also reduced the number of components made by the group, Gestetner told its workforce.

Mr David Gestetner, joint chairman of the company, said it could not use its manufacturing capacity and this was adding to the already high cost of its ageing works at Tottenham.

He said the sad but unavoidable consequence of this was that the company must now begin to phase out the production of duplicating-machines and stencils from Tottenham.

Enlarged facilities will become available at Wellingborough, Northants, for duplicating-machine production, and at Stirling, Scotland, for stencils.

Gestetner says priority will be given to Tottenham employees who are interested and suitable for job vacancies elsewhere in the organisation.

Tyres recalled 'as precaution'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SEMPERIT, the Austrian state-owned tyre manufacturer, is recalling as a precautionary measure some tyres sold in the replacement markets in the UK, West Germany, Austria and the U.S. and fitted to Ford Sierra cars built in Cork in the Irish Republic between April and July last year.

In extreme conditions the rubber of the tyre could separate from the steel bands employed in its radial ply construction.

Semperit said yesterday only a small number of tyres was involved. They are of the Hi-Life M501 type and carry the production code DOT BU followed by a letter and a combination of figures ending in 164 or 174.

The company urges anyone with the tyres to contact a dealer or Semperit for a free inspection and replacement if necessary.

Ford dealers are to contact 2,000 Sierra owners, whose cars might have been fitted with the tyres, for a free inspection.

In the UK, Semperit can be contacted at Slough (0753) 38711.

Trading improvements urged for EEC

BY OUR TRADE EDITOR

HARMONISATION of technical standards, fewer border formalities and a free market in services are Britain's priorities for making the EEC internal market work, Mr Paul Channon, Britain's Trade Minister, said yesterday.

He said Britain was supporting a new approach on standards by the EEC Council of Ministers. Instead of trying to reach a common standard for EEC products, the aim was to set minimum rules for health and safety and consumer protection and to secure greater recognition of member-countries' different specifications.

Red tape at EEC frontiers was costing industry an estimated £500m a year in waiting time, he said. Following recent agreements to simplify paperwork and to co-ordinate border-post opening-hours, the next big step would be to computerise customs procedures.

Britain hoped to see London established as the financial centre of the internal market, freely supplying its services to the EEC. The priority was to win liberal treatment for a non-life insurance, unit and investment trusts and accountancy services and to see national exchange controls relaxed.

Mr Channon was speaking to the European Business Centre in London. He will be in Brussels on Monday for a meeting of the EEC's internal market council.

Study on transport costs in regions

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE TRANSPORT costs of companies in areas of Britain such as Northern Ireland or Scotland are not much greater than in more central areas, according to a government-backed study.

The report by PEIDA consultants of Edinburgh for the European Commission, the Industry Department for Scotland and the Department of Economic Development in Northern Ireland argues against increased transport subsidies as an efficient form of regional policy. The study, however, says that distance can be a disadvantage to regional economic development in a wider sense.

Governments in the EEC have been looking at problems faced by businesses in the Community's peripheral areas. This report shows that it is wider issues, such as being far from the central areas of economic activity, that cause difficulty rather than transport costs.

The consultants found no evidence to indicate that transport costs affected the industrial structure of outlying regions significantly.

Average transport costs were between 2 per cent and 4 per cent of gross output value and the study found that in most outlying areas the rate was between 2.8 per cent and 4 per cent.

Private hospitals consider drugs curb

By Carla Rapoport

A NUMBER of Britain's largest private hospital chains are considering limiting the drugs they dispense in line with government proposals for the National Health Service.

Mr Bob Graham, managing director of Bupa, which runs 11 hospitals in the UK, says his hospital division will study the Government's restricted list closely when it is released in the next few weeks. "We have to. We have to watch our costs, too," he said.

The proposed list, which is intended to save the Government £100m from its £1.4bn drugs bill, has been criticised sharply by many in the medical profession for infringing on doctors' freedom to prescribe.

Mr James Estall, company secretary of the Nuffield Hospitals, one of Britain's largest hospital chains, said yesterday: "It makes sense for us to study what the NHS is going to do, with a view toward saving money."

The UK subsidiary of AMI, the U.S.-based health group, which is the largest provider of private hospital beds in the UK, said it also was considering issuing a limited list. It plans talks with its medical advisory committees on the subject.

Other hospital groups are studying the proposals with a view to instituting some control over the prescribing policies of their doctors.

The Government's list is aimed mainly at drugs for minor conditions. The private hospital's move would not have a big impact on drug sales unless the list were extended to more serious illnesses.

- A proposal to expand the drug dispensing privileges of NHS doctors could prompt the collapse of a number of small, community pharmacies.

According to the Pharmaceutical Society of Great Britain, the Government is considering a move to allow doctors to dispense these medicines which will no longer be available on a NHS prescription once a restricted list of medicines is approved.

"Unless the public wish to see the pharmaceutical service in rural areas eroded to the brink of extinction, we urge them to oppose these proposals," the PSGB said.

Teachers to call half-day stoppage without ballot

BY DAVID BRINDLE, LABOUR STAFF

LEADERS of the second-biggest teachers' union plan to call a national half-day strike later this month without balloting members under the terms of the Trade Union Act.

The move by the National Association of Schoolmasters/Union of Women Teachers seems certain to deepen legal controversy surrounding disruptive action by teachers in pursuit of a 12.4 per cent pay claim.

A number of education authorities have said they intend to dock the pay of members of the National Union of Teachers, which began a campaign of sanctions on Wednesday, and some are taking legal advice on action against the NUT for not holding a ballot.

The NUT maintains that its six sanctions do not breach employment contracts of teachers and do not require a ballot. This is contested by the employers but the matter has never been satisfactorily established in law.

There is, however, little doubt that the 126,000-strong NAS/UWT will be in contravention of the Act if it strikes on February 26 without holding a ballot.

Mr Bill Herron, assistant general secretary of the Right-led union, said last night: "As far as the strike on the 26th is concerned, we are not balloting our members."

The strike is due to go ahead if, as expected, teachers' pay talks scheduled for next Monday produce no improvement in the employers' offer of 4 per cent and arbitration. The stoppage is planned for the morning to cause maximum disruption.

Meanwhile, education authorities contemplating deductions from pay of NUT members received a setback yesterday when one of the legal precedents they had cited was overturned by the Appeal Court.

By a majority, three appeal judges ruled that Wakefield District Council had no right to dock the pay of Mr Henry Miles, a superintendent registrar who had refused to conduct marriage ceremonies on Saturday mornings during a campaign of industrial action. The council was refused leave to appeal to the House of Lords.

The precise relevance of the ruling to the teachers' position is unclear because it was based on the fact that Mr Miles was a servant of the Crown, not a council employee.

Court bars bus station pickets

BY DAVID BRINDLE, LABOUR STAFF

THE National Bus Company last night secured an injunction to prevent striking National Welsh coach-drivers picketing coach-stations in London, Bristol and Birmingham.

This followed a day in which the National Express coach network was disrupted by more than 30 of the drivers who picketed the three terminals to draw attention to the dispute.

An eight-strong picket-line at the main London coach-station at Victoria prevented almost all services using it as drivers refused to go in or out with their vehicles. National Express moved some services to starting points elsewhere and sent other passengers by train.

At Bristol, where there were eight pickets, National Express set up a temporary coach-station elsewhere in the city and managed to keep cancellations to a minimum.

The National Welsh dispute involves about 50 drivers and began before Christmas over a pay and operations agreement. All coach services to and from Cardiff, Newport and Chepstow have been cancelled since January 27.

As the National Bus Company had feared, the strikers yesterday repeated the tactics employed last autumn by Liverpool drivers, involved in a separate dispute, who picketed Victoria and won a speedy settlement.

The injunction was taken out in the names of the bus company's three subsidiaries which own the picketed terminals. It was awarded against the chairman and secretary of the striking drivers' branch of the Transport and General Workers Union and against the union itself.

National Bus Company officials, who are aware that the localised industrial relations framework of the industry does not fit well with the National Express network, were last night uncertain whether the pickets would return today.

Owen urges pit strike reconciliation

By Peter Riddell, Political Editor

THERE MUST be no spirit of revenge after the end of the miners' strike, as there was following the collapse of the 1926 coal strike, Dr David Owen, the Social Democrat leader, warned yesterday.

"We have not been involved in a battle," he said. "There are no parallels whatever in the miners' dispute with the Falklands war, and I have never mentioned the two issues in the same breath. Sadly, all the signs are that the Prime Minister does not see it that way."

He urged her to remember Lord Nelson's words on the eve of the Battle of Trafalgar, when he wrote: "May humanity after victory be the predominant feature."

D Owen said everyone knew there were going to have to be considerable pit closures over the next decade and he urged the National Coal Board and the Government to put substantial resources into the affected communities to create jobs.

"NCB enterprise—created far too late, inadequately staffed and insufficiently funded—must now become the leading vehicle for the country to demonstrate its respect for the working miners."

By contrast, Mr John Butcher, Under-Secretary of State for Industry, said at a speech last night: "The miners' strike is the last battle marking the end of the 35-year-old British civil war."

Ferry sailings disrupted by two disputes

By Brian Groom, Labour Staff

FERRY SAILINGS between Dover, Calais and Boulogne were disrupted yesterday by two separate industrial disputes. Meanwhile Sealink sailings between Newhaven and Dieppe remained halted.

A strike by French seamen, which began on Wednesday, stopped eight return sailings of French Sealink Ferries yesterday between Dover and Calais, but four sailings by a British Sealink ship were unaffected.

The stoppage was in support of the dispute over manning levels on board the Senlac, the former Sealink UK vessel on the Newhaven to Dieppe route which is to be manned by French seamen.

Meanwhile British crews of the Tiger and the Panther, two former P & O ferries, refused to sail between Dover and Boulogne because of a dispute over redundancy notices issued to 40 ratings following the company's takeover by Townsend Thoresen. Men were meeting last night after halting eight return sailings.

Townsend Thoresen ferries between Dover and Calais and Zeebrugge operated normally. Sealink sailings between Dover and Dunkirk returned to normal after two days of disruption.

Scargill, the master tactician, surprises everyone again

John Lloyd reports on how the NUM has gainedseveral extra weeks breathing space

MR ARTHUR SCARGILL, president of the National Union of Mineworkers, is a master tactician—strategy, it may be allowed, is not so much of a strength.

Both the Government and the National Coal Board believed that Thursday's NUM executive meeting would see a sizeable group on the executive forcing the national leadership to either agree to talk about uneconomic pits, or discuss ending the dispute without agreement. But Mr Scargill, as ever, was one step ahead.

He called in the executive of Nacods, the pit deputies' union, for a joint meeting: he knew the Nacods leaders were concerned that their agreement with the NCB, signed last October, could be compromised by the board's demand of the NUM that it give a commitment at least to discuss the issue of uneconomic pits before talks could restart. Here were grounds to make a common cause: both unions could call for talks to start immediately for their own, different, reasons.

The meeting between the two executives was not an unqualified success: much was taken up with the NUM leaders attempting to persuade the deputies to call for industrial action if talks were not resumed: this the Nacods men would not do, preferring instead to keep their options open.

No-one, either on the NUM leadership, in Government or in the NCB, now expects Nacods to initiate industrial action.

The Nacods men have recently voted for a pay rise and many of them are being paid for going home after refusing to cross picket lines. They have no real grievance.

This leaves Mr Scargill essentially in the same position as he was before Thursday's executive: his Nacods tactic has managed to postpone hard decisions for another two weeks until it meets once more—but has changed little else.

He will no doubt attempt to persuade the Advisory Conciliation and Arbitration Service to mount a committee of inquiry—but the Government and the board will regard that with as much favour as they would a rattlesnake, and Acas will not be able to make it run.

The choices facing the miners will thus be—as they were before the executive—struggling on; ending the strike without an agreement; or agreeing to talk to the board on at least partly its terms. Over this weekend, many lodges, especially in South Wales, will raise the issue of returning to work as a body: that will, in turn, be discussed by a coalfield delegate conference next Wednesday.

The disciplined return to work—without an agreement—could yet be one way of ending this strike: the alternative of struggling on, in face of the continual erosion of the formerly solid striking areas (shown in the chart below), will seem less and less viable as time passes.

Yet if the NUM faces hard choices, the NCB and the Government are not without their dilemmas, either. The central one is: when to talk to the NUM? And on what terms?

In the debate on the industry in the Commons on Monday, both Mr Peter Walker, the Energy Secretary, and Mr David Hunt, the Coal Minister, made a point of stressing that (a) the Nacods agreement was available to the miners and (b) a draft agenda for talks had been offered to the NUM through the TUC, which included as its first item a discussion on uneconomic pits—but that this had not been agreed by the union.

At the same time, however, Mr Scargill has made it clear he will accept the main feature of the Nacods agreement—that is, the independent element in the colliery review procedure.

The board itself stressed, when signing the agreement with Nacods, that it was a framework which would have to be fleshed out in discussions with the other unions. Could this not be seen as a reasonable basis for talks?

Talks on this independent element could be very broad: indeed, they would have to be. What would be its terms of reference? Would it be a national or area body? Would it hold its deliberations in public or private? Would its chairman have the status of an inspector—or lower?

These questions are tricky ones for the board, ones that it will have to face since it has conceded the agreement.

There is at present no equivalence between the two sides: the miners are under much more pressure than the board. The point is, though, that the Nacods agreement, being only a skeleton, does offer huge scope for real bargaining by those willing to put flesh on it. The question is: is either side willing?

THE "HARDCORE" AREAS: MINERS WORKING, WEEK ENDING FEBRUARY 6 1985

Area	New faces this week	Nos. working	Total miners	Percentage working
Scotland	440	4,619	12,500	37
North-east	1,298	7,300	[illegible]	33
Yorkshire	1,001	6,595	49,500	13
Kent	5	155	2,100	7
S. Wales	15	379	19,400	1.9
Total (inc. all areas)	3,754	83,000	189,300	44

Note: areas not on chart include Nottinghamshire, Midlands, Lancashire, Leicestershire, South Derbyshire and North Derbyshire, where at least 70 per cent of miners are now at work.

Test case confronts Lloyd's on disciplining its members

John Moore reports on allegations of high living brought to light by exposure of the PCW scandal

THE DECISION by a disciplinary committee within the Lloyd's insurance market that Mr Peter Dixon, former head of PCW Underwriting Agencies, should be fined £1m and expelled from the market brings to a climax one of the more serious scandals to have erupted in Lloyd's in the past few years.

Lloyd's investigators have been studying allegations that Mr Dixon masterminded an ambitious series of financial schemes whereby nearly £40m was diverted from underwriting funds belonging to 1,525 members of Lloyd's. The money, it has been asserted, was used to benefit personally Mr Dixon and his business associates.

A web of more than 150 offshore companies has been uncovered through which the underwriting members' funds were secretly diverted. In addition, accountants acting for the underwriting members have estimated that interest which could have been earned on the misappropriated money could be £30m to £40m.

The scale of the allegations is unlike anything that has been seen in the Lloyd's insurance market or the City and poses one of the toughest challenges any investment institution has had to face. The City of London police fraud squad, Department of Trade and Industry inspectors and the office of the Director of Public Prosecutions are assessing what action should be taken.

A key report prepared by accountants Neville Russell for PCW's parent company, Minet Holdings, has been studied by the Lloyd's disciplinary committee which details the main allegations about how the money was used by Mr Dixon and others.

Mr Dixon's benefits from the funds, according to Neville Russell, are estimated at £8.4m. Among items attributed to Mr Dixon by Neville Russell are:

- £2m on a villa in the South of France, at Cap Ferrat, owned by a company in Geneva.
- £1.8m from funds channelled to Gibraltar and used to repay back-to-back loans.
- £775,000 withdrawn from various overseas companies.
- £725,000 spent on maintaining and improving various yachts.
- £600,000 spent on investments expected to have on realisable value.
- £375,000 spent on the operation and maintenance of an executive jet aircraft.

In addition, Neville Russell has estimated that companies where Mr Dixon had an interest gained benefit from short-term loans from the funds which were repayable without interest.

Former executives in the investigations are said to have spent money from the syndicate funds as follows:

- A 15 per cent stake in the Banque du Rhone et de la Tamise, a Swiss bank, for £995,000. Former executives of Alexander Howden have been alleged to control the rest.
- Production costs of £1.8m for two films, Let's do It and Last Horror Show.
- Two oilfields in Louisiana and a gas field in Oklahoma amounting to £240,000.
- Mr Dixon and Mr Peter Cameron-Webb, who set up the PCW agency and was the underwriter alleged to have channelled the money offshore, invested through Swiss companies £605,000 in a French orange juice company, La Sierra Jus de Fruits.
- An investment of £443,000 in Technovation BV, a Dutch high technology company which was exchanged for shares in Synterials, a company on the unlisted British Securities Market.
- Investments in Nolton, a small British public company.
- Investments of £141,000 in two racehorse syndicates in Kentucky.
- Purchase of a 40 per cent stake in PCW's associate underwriting agency, WMD.

Investments were also made in International Reporting Systems, the Washington-based private intelligence organisation which failed in 1983.

In a 12-year period during which this expenditure was made none of the underwriting members, whose affairs Mr Dixon and Mr Cameron-Webb managed, knew what was happening.

For Lloyd's, the PCW affair has been a nightmare. The underwriting members' funds, which were siphoned out under the guise of reinsurance, were channelled to offshore companies in Geneva, Gibraltar, the Isle of Man and other centres where Lloyd's has no jurisdiction.

Lloyd's has had to rely to a large extent on investigations by others to explore the affairs of companies beyond the walls of Lloyd's and outside the UK, although the market has sweeping powers over its members. Mr Dixon has based himself in Marbella during Lloyd's investigations, which have been taking place since the end of 1982. Mr Cameron-Webb is operating from the Insurance Exchange of the Americas, the Lloyd's-style market in Florida.

Lloyd's has powers to impose unlimited fines on those in the market found guilty of infringements in Lloyd's. Penalties could be imposed which recover the full extent of any money which has gone missing. However, Lloyd's is restricted in this. Penalties of such a scale could be only imposed on irregularities which took place after the enactment of Lloyd's most recent legislation, which was approved in Parliament in 1982. Offences which took place before then may escape the rigour of such penalties.

Meanwhile, the disciplinary committee's attempt to impose the largest ever fine against a member of the Lloyd's market represents an important test case. If the money can never be recovered from those at the centre of these allegations, will the proceedings act as a deterrent to others in the market?

SAVINGS OFFERS

THE WEEK IN THE THE MARKETS

City twiddles its thumbs

LONDON
ONLOOKER

HOPES OF an early cut in interest rates evaporated this week but the equity market appears to be quite sanguine about 14 per cent base rates while gilts look even more relaxed. To judge by the movements of the last few days short gilts are already discounting a fall in base rates to 12 per cent even though the money supply figures gave little reason to suppose that such a two-point cut is imminent.

Equities lacked any real conviction to go one way or the other. Prices inched ahead for a couple of days and then eased back. But that the market is going broadly sideways is fair testimony to its strength given the uncertainty of the background in terms of what has happened to sterling, interest rates and the oil price.

On a narrower prespective of underlying corporate trends equities may be reasonably supported. Within a month the company sector will be well into its reporting season and unless there are any major shocks share prices overall should derive a good deal of reassurance from profit and dividend declarations, despite the likelihood of a fair number of rights issues.

Of course the Budget is only just over a month away and traditionally the equity market is fairly steady in the few weeks ahead of the Chancellor's statement. So it looks as if the market is in for a period of relative calm though events over the coming months are bound to be influenced by what happens on the oil front. Gilts and shares are still looking on the toppy side on a slightly larger view, the next few weeks may yet prove to be the calm before the storm.

The bid lands

Tootal developed a hunted look last November when Entrad first disclosed its shareholding of over 7 per cent. But though the two groups engaged in behind-the-scenes talks at the turn of the year the Australian textile group managed to muddy the waters for the market by dribbling out stock throughout January. That took the edge off the Tootal share price and left some doubt as to its real intentions. The doubts were dispelled this week, however, and Tootal is now fighting a 70p a share cash bid valuing it at £124m.

From a London vantage point, Entrad looks a rather unlikely suitor for Tootal, even though it is Australia's biggest textile and clothing group and has been fairly active on the takeover scene. Only last summer Tootal sold its 49.9 per cent interest in Bradmill to Entrad little suspecting that the Australians would bid for the whole group with a matter of months.

Mr Abe Goldberg, Entrad's chief executive, has a reputation as "Mr Textiles" on the other side of the globe but even so his company's market valuation in Sydney is only £90m. Obviously it has gathered together the wherewithall to launch a £124m cash bid but the question here is how much further the group can go.

Historically Entrad has not paid much above asset value for its takeovers and at 70p it is already 10p or so above Tootal's net worth per share. Yet Entrad has some former senior Tootal men on his payroll so Mr Goldberg probably has the inside track when it comes to assessing Tootal's possibilities. He may just be willing to pump up the goodwill element further to land a major British group with a large US exposure.

Yet the 70p price is not exactly mean in the first place. The City has been excepting profits of around £22m to £23m (against £17.2m) for the year just ended. Given the incentive to throw in the kitchen sink that figure might come out around £25m in a defence document. Total will also, no doubt, make something of its solid balance sheet and it could easily restore the dividend to 4½p a share.

Everything depends upon the quality of the defence but an exit multiple of 9 or 10 at 70p represents a premium to the sector and the trading cycle must be pretty near its peak. Even bearing in mind the possibility of a rival bidder it would not be surprising to see Tootal's shareholders rushing for the exists if Entrad's offer was, say, 10p higher.

More Dunlop

The Dunlop saga rolls on. Yesterday Sir Michael Edwardes adjourned the shareholders' meeting in order to come up with some fresh refinancing proposals. It was the first time he had faced the group's shareholders since he took office last year though he had little to offer by way of new information.

Understandably he is playing the cards close to his chest in his efforts to refinance the troubled group and keep it out of the predatory clutches of BTR. The bidder still has its offer on the table—worth 20p a share in cash—though that is now only a basis to continue the fight. Nobody believes that BTR can win Dunlop at that price.

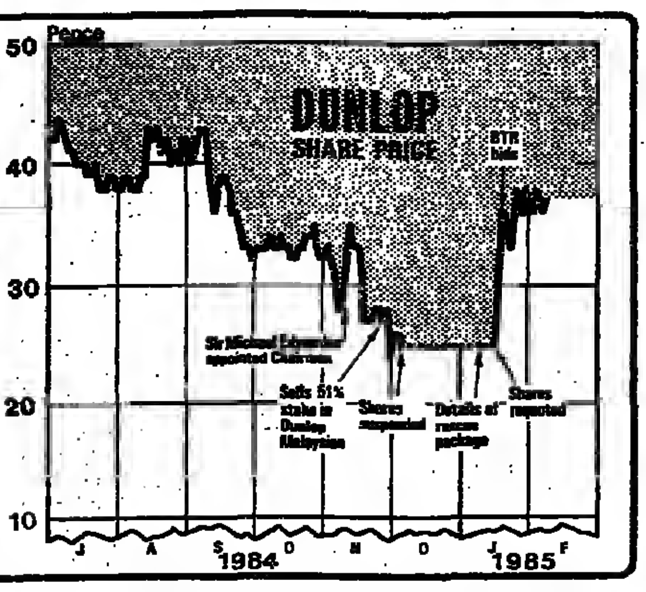
The arithmetic on BTR's notepad is anyway dominated by Dunlop's borrowings. The price it eventually has to offer to gain control is of secondary importance, and for the present the battle is still in its tactical stages.

By adjourning yesterday's meeting Dunlop has choked off BTR's ability to upset a vote on the refinancing proposals using its 28 per cent stake in the preference shares. That gives Sir Michael a breathing space to come up with a new scheme which may be able to circumvent BTR's voting capabilities.

Dunlop had earlier won the support of its banks to continue with existing facilities until the current fight is sorted out one way or another. But BTR managed to turn the tables this week by winning the agreement of the same banks to continue supporting Dunlop if BTR gains control. Exactly what financing proposals have been agreed is still a closely guarded secret but the important point is that the bankers have basically withdrawn to a neurtal point on the battlefield. It is now up to Dunlop and BTR to make their cases and for Dunlop's shareholders to decide.

Wrong component

The story about the maturity of the electronic components demand cycle is so old that it is growing whiskers but still that did not prevent the market lopping almost a tenth off Unitech's market worth on Tuesday when the chairman made a cautious remark about the outlook in his interim statement.



Half time profits showing a rise of a third to £7.04m pretax were admittedly at the botto mend of market expectations, but it was the statement that the rate of increase in new orders and sales was slowing down which caused so much damage to the share price. Given that the City's analysts, and the companies in the sector themselves, have been predicting for many months that the top of the demand cycle was upon the sector, the fall in Unitech's price looks well overdone.

But the setbacks of 1981 and 1982 are still fresh in investors' minds and the fear is that a substantial downturn in semi-conductor demand will drop the company flat on its face. In reality the component cycle may be at the top but it is not in immediate danger of total collapse and Unitech is not the company it was in the last downturn.

Falling prices in the component market are a fact of life for the distributors. In recent months the pressure has increased on commodity type products. Part of the reason for soggy demand can be found in the personal computer market which is suffering from weak sales. Just look what has happened to Acorn. A year ago the Cambridge computer manufacturer was the market's darling. This week it had to suspend its shares at 28p (they reached 198p last summer) as it takes steps to "reorganised its affairs."

At the moment many in the industry see the current weak demand for components as no more than an "inventory adjustment" by its customers. The buyers believe prices will fall further so there is no point ordering today what can be bought for less in a few weeks time. Such "adjustments" cause the distributors a certain amount of pain but it is not traumatic.

That does not mean that chronic oversupply will not hit the sector in the future. It is impossible to predict accurately but most guesses put the next big downturn in the market about two years away.

Even when any shakeout comes there are reasons to suppose that Unitech will not be as badly hit as many of its contemporaries. Its operations now are of much higher quality than they were at the beginning of the eighties and its exposure to semiconductor distribution is limited to something less than a fifth of total activity. Come the downturn in demand Unitech's profits might still be able to hold steady while others are falling.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1983/4 High	1983/4 Low	
F.T. Ord. Index	988.5	+11.0	1,024.5	755.3	Hopes of cheaper credit shortly
F.T. Gold Mines Index	484.5	+ 2.5	711.7	439.5	Rand improves against dollar
A.B. Electronic	425	−52	555	366	Fears about Acorn Computer
Body Shop Intn'l.	675	+120	675	145	Chairman's bullish annual review
Bullough	470	+42	470	234	Good results/rights issue
Debenhams	214	+24	222	141	Hanson Trust bid rumours
Falcon Resources	475	+71	522	85	Colorado drilling hopes
Flextech	92	+29	140	53	Excellent interim results
Halstead (James)	77	−15	109	59	Bid hopes fade
Imperial Group	215	+21	217	134	"Ho-Jo" sale hopes/int. Thurs.
Jaguar	340	+37	340	170	Dollar earnings potential
Martin (R. P.)	405	+60	420	220	Bid approach
Pauls	365	+112	375	197	Bid from Harrisons & Crosfield
Pilkington Bros.	321	+36	350	213	Broker upgrades profit forecast
Thorn EMI	454	+34	700	375	Rumours of consortum bid
Tootal	77	+13	80	38½	Bid from Entrad
Unibond	220	+85	220	100	Bid from Beecham
Unitech	250	−45	310	204	Disappointing interim figures
W. W. Group	185	−25	230	130	Bid discussions aborted
Westland	106	−20	189	106	Worries about order position

The bullish surge goes on

NEW YORK
WILLIAM HALL

"AS JANUARY goes, so goes the year," is a bit of old investment folk lore that still carries a lot of weight on Wall Street. So the market's 75 point fling in the first month of 1985 was the sort of "buy" signal which has sent the smaller investors pouring back into the stock market.

Merril Lynch and Shearson Lehman, two of the biggest U.S. brokerage firms, felt that the January indicator was sufficiently important that they singled it out in their latest market letters to customers. Market gains in January are usually followed by gains over the balance of the year. The market's performance in the first month of the year "was particularly auspicious" in Merrill Lynch's view.

Investors appear to have taken the hint. This week U.S. share prices for the most part have continued their upwards march, despite signs that the market was overdue for a correction. At the end of last week the January rally appeared to be losing its momentum and on Friday for the first time in 20 days declining shares outnumbered advancing shares, breaking a winning streak which has broken all records in terms of the breadth of the market's advance.

However, in the first four days of this week, advancing shares continued to outnumber decling srares, and the broader-based stock market indices continued to post fresh peaks, as did the Dow Jones transportation average. Turnover remains unusually heavy with the New York Stock Exchange trading volume topping 100m shares for 21 consecutive trading sessions.

Once again it has been the smaller capitalised stocks which have been leading the market upwards rather than the blue chips. By Thursday evening the NASDAQ composite index, which tracks the over-the-counter stocks, was registering a 18.1 per cent gain on the year to date, more than double the rise in the Dow Jones industrial average. Meanwhile, the New York composite index was showing a 9.1 per cent gain.

The credit markets by contrast have not shared Wall Street's euphoria this week. Most analysts have come round to the view that the Fed has now tightened its grip on monetary policy to curb an excessive growth in U.S. money supply. The only question is how much? Long-term bond yields, which had looked like breaking below 11 per cent only a fortnight ago, have since risen by 35 basis points and are now close to 11¼ per cent.

The weakness of the credit markets this week was partly due to a poor response to a big U.S. Treasury refinancing package. Analysts had been expecting that the Treasury would be able to get away with an average yield of around 11 per cent on its new 30-year bond. In the event the average yield was 11.27 per cent, which sent bond prices tumbling and by Thursday evening long bond prices were showing losses of a point or more, for the second week running.

The behaviour of the U.S. credit markets over the past fortnight should have sent a cautionary signal to the stock markets since the rise in fixed interest returns is likely to reduce the attractiveness of equities. Another cloud on the horizon is institutional cash, which is said to be unusually low at the moment, and could limit their ability to fuel the rally.

There are some indications that the big institutions have been switching part of their bond portfolios into equities. However, the return of the small investor, many of whom are running down their money market funds, appear to be the major factor in the current stock market boom.

Up and down Wall Street it is hard to find anyone who is not bullish these days. Most advisers have taken it for granted that the Dow Jones industrial average will break through 1300 and there is a fair sprinkling of optimists who argue that the 1400 level will also be broken this year.

Even some of Wall Street's most renowned names are putting their seal of approval on the current stock market boom. Last weekend, for example, Mr John Whitehead, who has just stepped down as the co-chairman of Goldman Sachs, one of Wall Street's best managed firms, was in a very bullish mood.

Standard & Poor's 500 average, which has already risen by close to 10 per cent this year, will be up by another 10 per cent or more by end year, Mr Whitehead forecast. This would put the S & P 500 just under 200 and, assuming the same sort of rise in the Dow, would push the stock market's best known barometer above the 1400 level.

He is also betting that long-term bond yields will drop by a further point to 10¼ per cent by year end, and prime rates (currently 10.5 per cent) will end the year "well below 10 per cent." He does not expect the U.S. inflation rate to increase and is forecasting that real GNP will increase by more than 5 per cent between the end of 1984 and the end of 1985.

Wall Street appears convinced that the recent upturn signals the return of the bull market, not a seasonal flash-in-the-pan rally.

MONDAY	1290.08	+12.36
TUESDAY	1285.23	− 4.85
WEDNESDAY	1280.59	− 4.64
THURSDAY	1298.08	+ 9.49
FRIDAY		

The money men go for quality

Unlisted Securities Market

THE USM should offer a feast of new issues to investors in the coming months.

The leading sponsors indicate that together they are likely to bring as many new companies to the junior market this year as they did in 1984.

And there should be a bigger choice for investors—the issues on the sponsors' books come from a broader range of industries than before. Food, textile and building companies are lining up alongside the once-predominant high-technology stocks.

These companies often will be older and larger than the typical USM offering of the past—with, perhaps, slower growth prospects but much less risk of hitting trouble on the way. Roger Abraham, a partner with Simon and Coates—one of the USM's most prolific brokers—says: "A lot of companies came to the market growing at 30 or 40 per cent a year. Now, there will be more solid companies growing at 15 per cent in good traditional sectors."

It is not that brokers are turning away all computer technology stocks; but the sentiment running against computer stocks is so strong, particularly in the wake of this week's suspension of the shares of Acorn Computer, that new issues in the sector are being held back. Sinclair Research, Sir Clive Sinclair's computer company, which this week announced the postponement of its planned flotation, is only the largest group to be affected.

Part of the problem, illustrated graphically by Acorn, is that even companies which come to the market with a good track record and good initial prospects run into trouble. In the past week, the shares of CPS Computer have fallen 30p to 125p following the announcement of its first annual results as a USM-quoted company. The market was less interested in the fact that pre-tax profits had more than doubled than in a warning about supply delays.

The blight on computer stocks did not, however, prevent Synapse, a software maintenance company, from achieving a good premium when it joined the market on Monday. Placed at 174p, the shares had risen to 220p by the end of the week.

Memcom International, an electronic filing company which has graduated from the over-the-counter market, was received less warmly — but still ended the week at 300p, above the closing OTC price of 295p.

As the table shows, these companies are just two of the eight to have joined the USM so far this year. It is a sign of the underlying demand for new issues that only two companies — Consolidated Tern Investments, a South Glamorgan-based property, building and plant-hire group, and Optometrics, which makes optical components — failed to achieve a premium.

Consolidated Tern was seen by investors to be priced expensively, on a multiple of just under eight times historic earnings per share, for a construction company based in an economically-depressed area. Optometrics suffered because the market often takes the view that graduates from the OTC already are full-priced.

The best premium so far — 45 per cent has been achieved by Bennett and Fountain, a distributor and retailer of electrical and kitchen equipment. It is typical in some ways of the older companies which are likely to become more common on the USM — founded in 1924, it has a record of solid, if undramatic, growth.

Another popular issue was Bluebird Toys, maker of the Big Yellow Teapot and other toys for toddlers and young children, which has shot to a premium of more than 20 per cent since dealings began on Monday. Investors are attracted by the lifetime's experience in the toy industry of the company's founder, chairman and chief executive, Torquil Norman.

The general success of these issues, often at demanding prices, is reassuring for companies joining what is a very volatile market. Brokers agree that choppy conditions make it difficult to price issues, but have not staunched investors' demand for the flow of new companies.

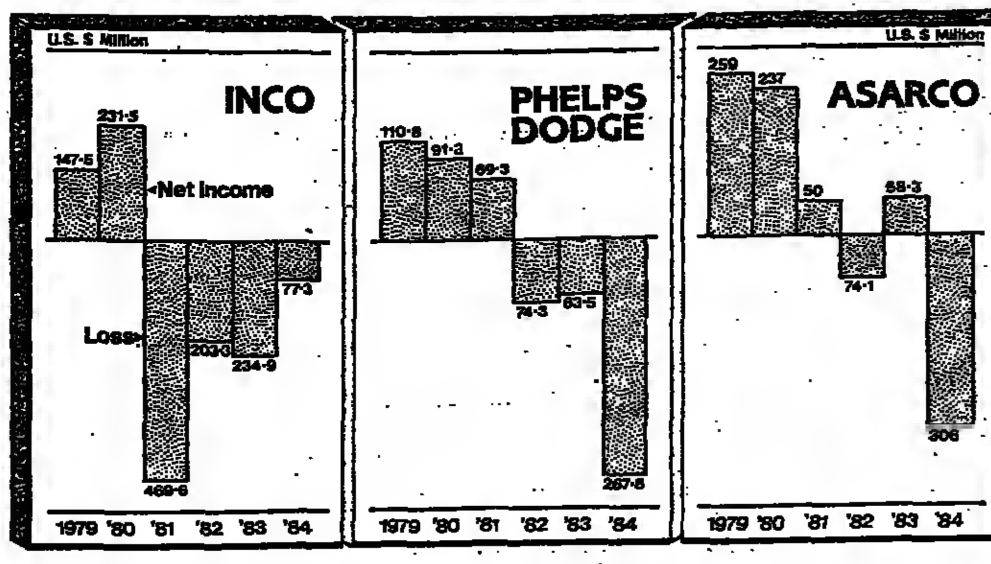
Perhaps only disaster would do that. Martin Gibbs, partner in charge of corporate finance at broker Phillips and Drew, says: "If the market were to crash by, say, one-third, then people would wait."

In the meantime, it is the quality of individual companies which will matter most on the USM. One merchant banker said: "Investors are more interested in the USM than ever before, but they are far more choosy about which companies they back."

Stefan Wagstyl

USM FLOTATIONS IN 1985

Company	Placing price (p)	Trading at (p)
Bennett & Fount'n	10	14½
Bluebird Toys ...	73	90
Consolidated Tern	105	104
Memcom Intrntnl.	295	300
Optometrics	55	48
Spafax Television	68	95
Synapse	174	220
Whitwth.'s Fd. Gp.	95	125



Not over yet, over there

BY KENNETH MARSTON

"NOT a pretty picture," you might well say as you look at the charts at the foot of this column which show how the big transatlantic metals and minerals companies bave suffered in recent years. Indeed, the wonder is that they can still stay in business at all after having taken such a beating from weak metal prices.

Asarco, for instance, has announced this week a huge loss of $236m (currently equal to about £212m) for the fourth quarter of 1984. It makes a total loss for the year of $306m, or $12.56 per share, compared with a net profit of $58.3m in 1983.

As much as $216m of the latest loss has resulted from the writing down of the value of assets such as mines and smelters which are being closed. Similarly, the copper-producing Phelps Dodge, which lost $267.8m last year, wrote off $195m from its assets which include those being sold.

Tben we have had the diversified Amax natural resources company plunging beavily into the red in the fourth quarter of 1984 with a net loss of $259.4m. Of this, $206m reflected a provision for losses on property and investmeots made up of a write-down of $195m for the agricultural chemicals business and $11m for the copper facilities.

After earning a net $21.1m for the first nine months of the year Amax has thus come out with a net loss for the full year of $238.3m, albeit less than the loss of $489m sustained in 1983 when the pre-tax operating profits were smaller.

Unlike their foreign competitors, who gain on the conversion of revenue from sales made in strong dollars into the lower-valued domestic currencies, the U.S. companies have to live with low dollar prices and high interest rates. The going could hardly be tougher for them and yet demand for most metals is good.

The trouble is that there is just too much metal production capacity around. It was built up largely duriog the 1970s in the expectation of a big surge in demand for metal—remember the warnings of the world running out of minerals?—that has not happened yet. Until it does the companies can only concentrate on getting their costs down and hoping for the best.

This, they are doing and a good example is Canada's nickel-producing Inco which has been able to produce a quarterly profit—of a relatively modest U.S.$4.5m—for the first time in three years. It still leaves the group with a net loss for 1984 of $77.3m, but that is a lot less painful than the loss of $234.9m sustained in 1983.

The transatlantic majors may be down, but they are not yet out. They will now be pinning hopes on the continued erosion of the world's surplus stocks of metal which eventually should lead to better prices. At least most of these metal prices appear to have stopped falling and some, such as nickel and copper, have started to pick up.

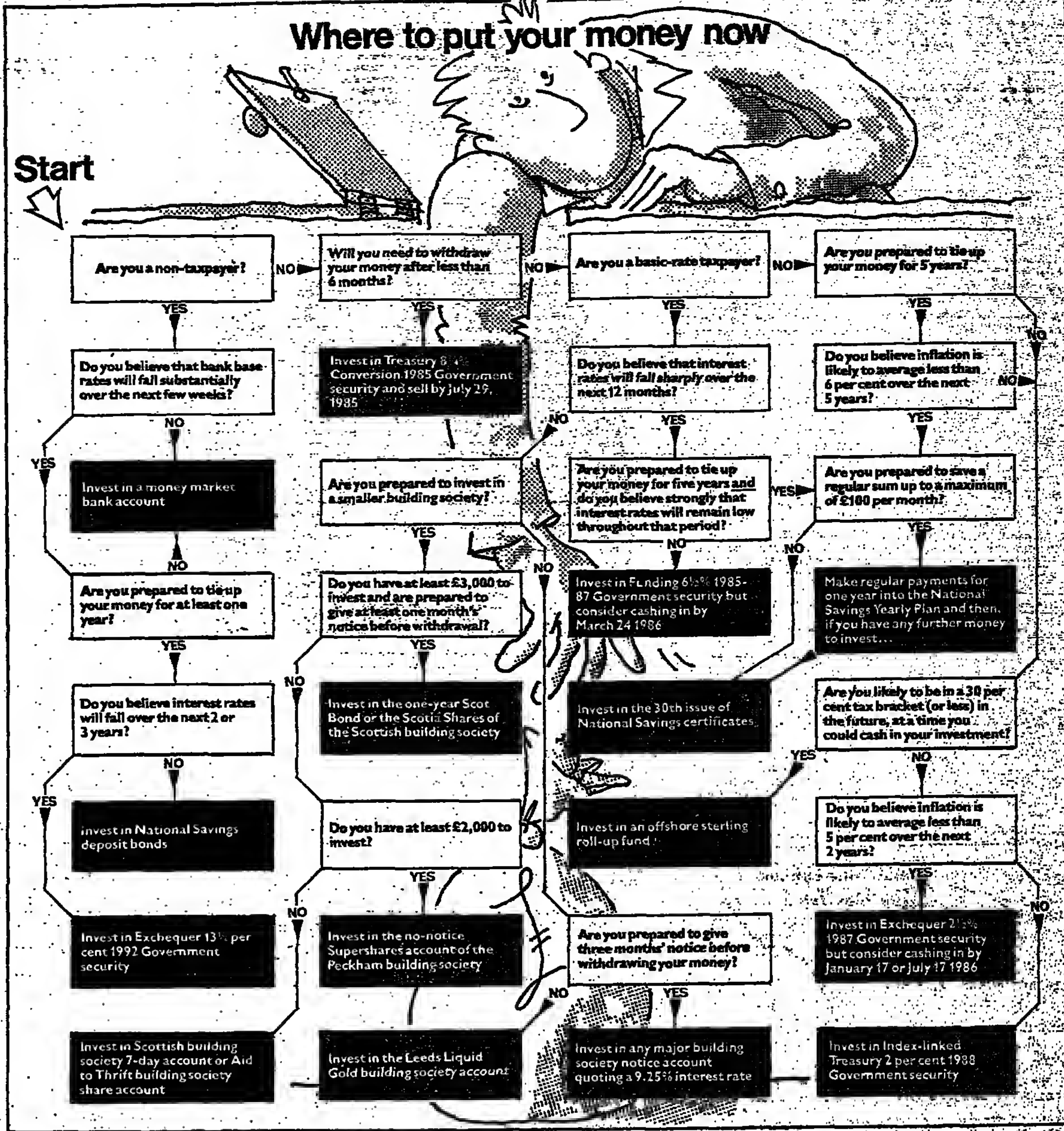
● **Seltrust Holdings**, the 75.4 per cent-owned loss-making Australian mining subsidiary of British Petroleum, is to be placed into liquidation, just as BP warned would happen if tbe minority shareholders in Seltrust rejected BP's restructuring proposals for the company.

Smarting, perhaps, after the rebuff from the minority sbareholders of Seltrust who rejected the oil giant's plans for their company, BP has said tbat the return to them from liquidation "is unlikely to match that offered under the previously rejected scbeme of arrangement" which included an offer of 54 cents (about 37p) per share of Seltrust.

Still, BP has deferred calling its loans to Seltrust whicb will allow tbe latter to go into voluntary liquidation and thus hopefully, get a better return for shareholders than would be the case in a compulsory winding-up. The idea is tbat the company can be sold as a going concern.

Whatever the outcome, tbe manner in which BP bas conducted the whole affair has been seen as heavy-handed by many Seltrust minority shareholders, both here and in Australia. It may take more than corporate image advertising to persuade them ever to become investors in BP.

● **Gold Fields of South Africa** has lifted half-year earnings by 18 per cent to R77.5m (£37.6m) and raised the interim dividend to 40 cents from 36 cents. The good performance reflects the high gold price in rands received by the group's mining investments. But exchange rates cut both ways and tbe latest result leaves the London parent, Consolidated Gold Fields, no better off tban a year ago.



The attractions of having a gilt complex

THERE HAVE been so many fluctuations in interest rates over the past seven mootbs that a variety of anomalies and special bargains have sprung up for savers to exploit.

The changes have generally favoured those who have not locked away their money in long-term accounts but have retained the freedom to move it around.

On most savings accounts now, real interest rates are at their highest levels, after adjustment for inflation for 50 years. But the upward trend which bas coincided with the fall of sterling has been running out of ateam at least temporarily, over the past 10 days.

Recommendation	True interest rate (net of basic rate tax) %
Building societies	
Scot Bond	10.65*
Scotia Shares	10.39
Scottish, 7-day...	9.98†
Aid to Thrift ...	9.83
Peckham	10.19
Leeds	8.75-9.00
National Savings	
Deposit bonds...	12.75‡
30th issue cert.	8.85§
Yearly Plan ...	9.28§

* Three months' notice. † £100. ‡ Gross rate from March 13. § Tax-free.

Source: Building Society Choice, Rattlesden, Suffolk.

Yesterday, the Building Societies Association decided after a marathon meeting not to recommend an increase in the mortgage rate or in the basic investment rate—at least not yet. Nevertheless, for the basic-rate taxpayer, the interest rates now on offer cannot be matched elsewhere, as is shown by the decision tree above.

Once again, the differentials between the rates offered by the building societies have widened as they did last September, although the largest five societies have retained identical rates in most of their accounts. The only major drawback in depositing your money with a small society is that you will probably have to send off a cheque in the post and communicate by letter rather than by calling in at a local branch.

There is no prospect of mortgage funds being rationed in the near future so most savers need no longer feel obliged to stay loyal to one society in the hope of recieving favours later. There is a slightly higher risk that a small buildiog society may default and be unable to repay you but, provided the society is in the BSA protection scheme, this should oot be a major worry.

However, for all those who have to find a home for their cash for just a few months, short-dated Government "gilt-edged" securities may offer higher returns, according to Phillips and Drew. Unusually, the redemption yield of gilts due to be redeemed over the next year is higher than on longer-dated stock, reflecting the view that interest rates are more likely to fall than rise in the longer term.

The decision tree recommends the Treasury 8¼ per cent Conversion 1985 gilt, assuming you can avoid any tax on your returns by selling before the next dividend is due. But there are two provisos. One is that the capital gains you are guaranteed to make by holding the gilt do not push your total gains (after inflation adjustment) above your annual exemption from capital gains tax. For 1985-86, the exemption will probably be £5,900 although the Government may change the rules in next month's Budget, probably in your favour.

Second, there is a slight risk that the Inland Revenue could seek to subject your gains to income tax. But it rarely does so, if you have adopted auch tactics as a once-only operation.

For the higher-rate taxpayers, other gilts also have attractions. The 1988 index-linked stock, whose cheapness was publicised on these pages in September, bas now risen sharply in value. But it may still be worthwhile buying if you think inflation is likely to average 5 per cent or more or, as the lowest-risk option, if you have no idea what is likely to happen to inflation.

If you buy either of the other conventional gilt-edged stocks, you could boost your post-tax returns by selling shortly before one of the six-monthly dividends is due (on which income tax is payable). Note also that if you hold the gilt for more than one year, your gains will be entirely exempt from capital gains tax.

Of the stocks recommended, the Funding 1985-87, the Index-linked 1988 and the Exchequer 1992 gilts are on the National Savings Stock Register and may be bought through the Post Office. The commission charges are then lower for purchases of less than about £10,000 and also no tax is deducted at source from the dividends.

Increases in the rates of National Savings products were announced two weeks ago to make them competitive, particularly for higher-rate taxpayers. The new 30th issue of the certificates will be on sale on Wednesday.

The highest rates of interest are now being quoted by the money market bank and trust accounts (see page 27). But investors have to pay tax at their top rates on the interest and the interest rates themselves will fall if the banks' base rates are cut. This remains likely as both the inter-bank rate and the yield on short-date gilts have remained consistently lower than the base rates over the past two weeks.

Clive Wolman

YOUR SAVINGS AND INVESTMENTS

Fund managers: Mr Richard Smith

When advice comes with cash backing

IT CAN be dangerous to devote too much of your attention to picking out the hot stocks just before they move. A few distractions and other responsibilities are often helpful.

So says Richard Smith, who runs the fourth most successful UK unit trust in the five-year performance tables, Henderson Special Situations.

Smith's job requires him to seek out companies in special situations, at their launch on the stock market, under the threat of a takeover or undergoing a major reorganisation. But Smith is glad that he has to manage at the same time three other more general UK unit trusts and two investment trusts.

Hunting for shares that are likely to shoot up in value over the short term can be fun, he says, but it may also tempt you into buying and selling too often. Instead, he buys special situation shares only when he comes across them without spending all his time trying to grasp opportunities that may not really ba there.

Not all of the Special Situations fund is invested in classic special situations. The portfolio is built around a core of smallar companies, capitalised at less than £75m, held for the longer term.

This core will typically he around 30 to 40 per cent of the valne of the whole fund. But as the unit trust has grown in size this proportion has fallen. "Although you take the long-term view, you have to be aware of marketability," Smith says. Large stakes in small companies can be hard to sell in a hurry.

In this category Smith looks for companies in lines of business where there are no stock market alternatives and which bave particularly strong managements.

As examples of such unique businesses, he picks Juliana's Holdings, the discotheque group, and anctioneers Christies. "There's always quite a high premium on a unique company," he says.

For management, Smith singles out Cray Electronics, the first company he visited after joining Henderson. "Your personal impression of the managers is a fair share of your decision to buy or sell," he says. "In smaller companies so much depends on the management."

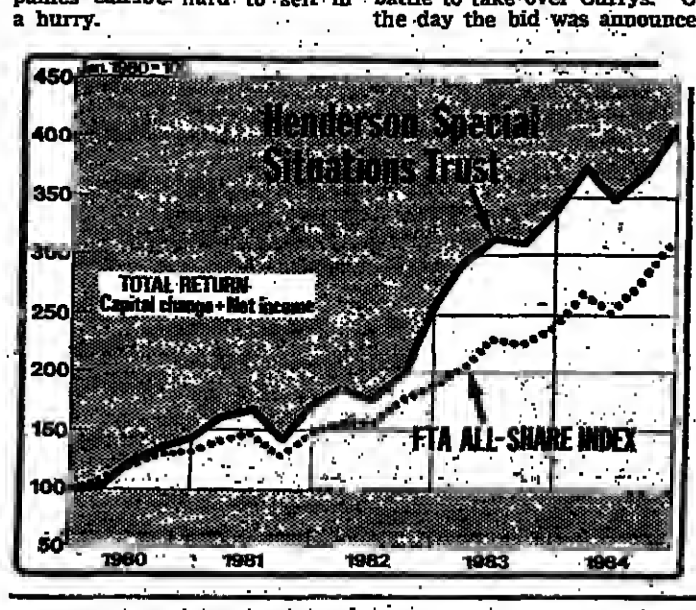
More recently, be has been impressed with the financial software company Brikat, which is traded on the Unlisted Securities Market. "They have an extremely good product and they're *good* at marketing it," Smith says, his confidence confirmed when they received a seal of approval from IBM.

But management is also essential. Smith was willing to hsck Dee Corporation largely on the strength of its chairman, Alec Monk.

Dee used to be considered an income stock, but Monk embarked on a series of takeover bids, and produced steadily increasing profits. "We were prepared to back the man," Smith says. He still has Dee shares in tha portfolio, though the holding has been reduced.

The Special Situations fund's largest holding is now in Dixons, which recently won its battle to take over Currys. "On the day the bid was announced we bonght shares," Smith says, "in the belief that if successful it would he a very exciting company."

The man who puts his own money where his mouth is: Richard Smith



If the takeover went through, Smith reasoned, the combined group would be of a size where its shares would be essential to every major institutional portfolio. Even if the bid failed it would focus investors' attention on Dixons.

Smith will also from time to time invest a portion of his portfolio around an out of favour industrial sector, picking two or three stocks because he likes the outlook for profits in the sector. Recently, the fund bas been heavily weighted in the health and household sectors because of what be sees as their certainty of profits growth.

But there is no rigid formula that Smith uses in constructing his portfolio. "If you are too mechanistic I don't think you will get the ontperformance you are looking for," he says.

He may look for gains of 20 to 25 per cent on his short-term investments, and 100 per cent from longer term boldings, but does not adhere rigidly to these targets when deciding whether to sell.

Similarly, he pays some attention to technical indicators, such as the overbought/oversold statistics on the Dogfox information service run by stockbrokers Scrimgeour Kemp-Gee. This gives an idea of when a share has been bought or sold too heavily and its price has moved away from its trend line, but only temporarily.

Smoth uses this technical indicator only to decide on timing a share purchase when he has already made up his mind on other grounds, to invest in a company.

In the long run Smith aims to outperform the FT All-Share Index. When he does not—as happened in 1984 due to disappointments like Amstrad and Polly Peck—"a fair bit of soul-searchiog" goes on.

And pocket-searching too, for Smith invests personally in all the funds he manages. "It concentrates the mind wonderfully," he says.

George Graham

A matter of credit where none is due

Bank errors in your favour don't work according to Monopoly rules. Harold Baldwin explains

SCHOOLBOY Maxwell Harvey last month set a record for capital appreciation when be invested a small amount in a Barclay's Supar Saver account in Putney, London. His latest statement showed a balance of £20,415.06 whereas he calculated the correct figure to be £11.

Being an honest lad he pointed ont the error to the bank, but he must have been tempted to draw a few bundred pounds to huy the computer he wanted. Had be done so, would he have got away with it?

Unfortunately not. Where over-crediting occurs you can only obtain a legal right to the money if you honestly believed that the entries on your statement were correct and you alterad your finance in consequence. In one case involving Lloyds Bank dividends bad been incorrectly credited to an elderly woman's account over several years. Statements bad been sent to her and it was held that sbe bad genninely relied on the balances sbown and spent the money. The bank was unable to recover the loss. It might bave stood a hetter chance if tbe customer bad been somebody in business.

Naturally, tbe bank must rectify the mstter immediately if it debits your account with someone else's cbeque, or a forged cheque, or fails to pnt a credit of yours to your account. If it reduces your balance in error and then returns one of your cheqnes or fails to make a payment in accordance with your instructions through lack of funds it could be lisble to a claim for hreach of contract or libel or both. Where a non-trader is involved, bowever, breach of contract damages are likely to be nominal.

Banks encourage customers to check the items and balance on their statements as soon as possible after they receive them. It is a sensible practice, hut there is no legal ohligation involved. Even a note on the statement that the customer should advise the hank of any errors is not legally binding and in no way takes away your right to dispute the valldity of an entry at a later date.

Considering the huge volume of transactions involved, banks make relatively few mistakes and in most cases they are settled amicably. Sometimes they make themselves look silly, as when one bank recently debited tbeir customers twice with their monthly standing orders and direct debits. Colossal blunders of this nature are usually found quickly.

Individnal credits where the paying-in slip has been incorrectly completed are more difficult and worrying. Credits paid in at branches other than where the account is maintained are particularly troublesome. Normally, the credit should reach the appropriate branch tbree days later, but if the account bolding branch has not been specified correctly the funds are in limbo-land. Banks issue regular circulars to all their branches listing these homeless credits, but in the main they have to rely on the customer reporting a missing item.

A bank cannot be held liable for s customer's negligence. For example, if you write a cheque in such a careless way that the amount can easily be altered, say by adding another nought, any loss incurred will be yours.

On the other hand a bank is liable if it does not act strictly in accordance with your instructions in any matter. For example, hy not cancelling or amending order, paying the funds to the wrong person, or amending your instructions without your authority.

A miscalculation of interest charges sometimes occurs if the wrong date or rate of interest is fed into the computer. It is often difficult to check the charge accurately, because banks programme their computers to show two daily balances—the uncleared balance, which is the one appearing on your statement—and the cleared balance.

Interest is cbarged on the cleared balance whicb is not seen by the customer. Nevertbeless, it should he possible for you to arrive at a figure close enough to the bank's to be sure that no serious error has occurred.

Automatic cash dispensers are not immune from errors although banks say that the risk is small. It is essential to keep a record of the amounts and the dates tbat you withdraw funds.

When dealing with casbier count your casb before leaving the counter. The cashier will not feel insulted. You may save him a lot of time and worry. I speak from experience.

YOUR SAVINGS AND INVESTMENTS

Taxrelief without high risk

INVESTORS HUNTING a tax shelter are not always keen to accept the risk attached to a venture capital fund, although it gives tax relief under the Business Expansion Scheme. But investment groups are pushing out a range of companies that take advantage of the BES while reducing the element of risk to a minimum.

There is a sense of urgency to these launches. They are not only trying to attract investors who want tax relief in the fiscal year now nearing its end; they also want to slip in ahead of what some expect to be tighter BES regulations in next month's Budget.

The BES allows you to reclaim tax at the highest rate you pay, if you invest in qualifying unquoted companies. Although the intention was to encourage the growth of high-risk businesses, many of the schemes in fact have been property development vehicles.

If land and bricks are too prosaic for you, there are BES schemes with less usual assets backing them—vintage cars and vintage wines, for instance.

Several managers running conventional BES funds in the venture capital tradition have criticised these companies as flouting the scheme's spirit. Because the value of the investment is heavily underpinned by assets and therefore secure, they have proved extremely popular with investors.

Central City Conversions, which closed for subscriptions recently, drew £5m. The licensed dealers Johnson Fry, which sponsored that issue, now has London & Bristol Developments to offer in the same vein.

It seeks to raise between £1.2m and £5m for the development of small self-contained office units for owner occupation.

The minimum investment is £5,000 and the offer closes on March 14, five days before the Budget.

Lockton Developments — sponsored by the merchant bankers Guinness Mahon—is still more ambitious. It is aiming for £7.5m. Applications must be for a minimum of £1,000, and the closing date is March 12.

The newest such scheme is Fraser House Commercial Developments, sponsored by licensed deposit taker Robert Fraser & Partners. It is looking for up to £3m, with a minimum of £1,000.

When it comes to wine, some schemes pay more than lip service to the idea of business expansion. Fine Wine Wholesalers, for instance, will at least employ two Youth Opportunity people straight away and plans later to have its own warehouse.

Mount Street Fine Wine, in contrast, will create no jobs at all. In fact, about a third of the cash raised is likely to be invested in the money market for the first year and this will provide the bulk of the early profits, according to Geoffrey Pointon, a director of the company and chairman of Pointon York, the licensed dealers sponsoring the issue.

Pointon admits that investors are in a way being asked to take a stake in Scott's Restaurant, which will store and manage the BES company's wine stocks in return for 12.5 per cent of its net profits and a set of other charges and commissions.

It will also sell Mount Street its starting wine stocks—at least £50,000 worth, possibly as much as £200,000. That will enable the company to start this tax year on the wholesale trading activities it must demonstrate to qualify under BES.

Scotts is subscribing £50,000 for the issue straight away and has options to buy up to 5 per cent of the company at £1.25 a share. The issue price is £1.

Investors may be rushing to take advantage of these asset-backed tax shelters before the Chancellor decides to tighten up on what qualifies as business expansion. But they should be warned that it will be four months after the company starts trading before the Inland Revenue will certify that it qualifies.

And this time last year Electra Risk Capital had to withdraw its offer of Brook Stud Company when it was informed it would not qualify for tax relief as it had believed.

George Graham

Malcolm Gammie on foiling the Revenue

Time to plan a course of action

TWO DATES should be indelibly etched in readers' minds: March 19—Budget Day—and April 5 the last day of the tax year. Action now, rather than later or not at all, may be to your tax advantage. Here are some points to consider.

● Capital Gains Tax. For the year to April 5 1985 the first £5,600 of an individual's net gains are exempt from tax. Any balance is chargeable at the 30 per cent rate. The figure of "net gains" is arrived at after deducting any losses sustained in the year. Chargeable gains may also be reduced by unused losses carried forward from previous years. But such losses (unlike current year losses) are set against current net gains only to the extent required to reduce those gains to the £5,600 exemption limit. Any balance of unutilised losses may be carried forward to future years.

Only one £5,600 exemption is available to a married couple. Losses of one spouse are normally set off against the gains of the other. But you may choose (by July 5 1985) to use the losses of each spouse separately, if this enables you to obtain maximum benefit from the annual exemption.

You should review your portfolio of investments before the end of each tax year and consider whether to realise losses to set against your gains from other sales in the year, or to realise gains which will be covered by the annual exemption. Gilt-edged stocks and some company loan stocks which have been held for more than 12 months are exempt from capital gains tax. Stocks bought within the last year and showing a gain should, therefore, be retained. You should, however, consider selling gilts held for less than a year if these show losses. If you want to continue holding gilts, however, you could repurchase alternative holdings, but not in the same stock.

If a disposal is contemplated for non-tax reasons, then by deferring it until after April 5 1985, the due date of payment of tax on any gain arising will be postponed for a full year from December 1 1985 to December 1 1986.

● Income Tax. For the self-employed (and those not in pensionable employment), qualifying premiums on retirement annuity contracts may be paid up to the maximum annual limit of 17½ per cent of "net relevant earnings," with higher limits for those born before 1934. Premiums paid are normaly deducted from taxable income in the year of payment. An individual may elect, by April 5, 1985, that a premium paid in 1984-85 be treated as paid in 1983-84 or, if he had no "relevant earnings" in that year, in 1982-83. If he does so, he may be entitled to a tax repayment, possibly with interest. Where premiums paid in any year fall short of the maximum allowable relief, the amount unused may be carried forward to be utilised within any of the following six years.

If a wife has earned income of at least £6,389 and the couple's joint income is above £23,793, there will be a saving if they jointly elect for the wife's earnings to be taxed separately. A final decision need not be taken as yet for 1984-85 and, if an election has already been made for that year, it can be revoked at any time before April 5 1986. An election (or revocation) for 1983-84 must, however, be made on or before April 5 1985.

The Business Expansion Scheme allows up to £40,000 invested in the share capital of one or more qualifying companies to be deducted from taxable income each year. Investments eligible for relief may be made directly in the company concerned, or through one of the business expansion funds, where managers make the investments on behalf of the individual subscribers.

But the managers must have invested in a qualifying company on the investor's behalf before April 5.

Previously, it has sometimes been advantageous to close a bank deposit account before the year end and invest the money elsewhere. This could allow to avoid tax on up to one year's interest. However, from April 6 1985 bank interest will be paid "net" of tax in the same way as building society interest. This change will mean that interest paid on a long standing account during the last year, 1983-84, will not be taxed in any event and no advantage is to be gained in closing such an account. Indeed, this could be a costly mistake.

A director or higher paid employee (broadly, an individual earning £8,500 or more) with a company car should tot up how many miles he has done on business over the year. The scale charge on which he pays tax is increased by 50 per cent, if his business mileage is less than 2,500 miles for the year. But if it is over 18,000 miles, the charge will be halved. A business trip brought forward to April 5 or before may tip the scales. Similarly, employment income from work abroad qualifies in 1984-85 for a 12½ per cent deduction provided at least 30 qualifying days are spent broad in the year. No equivalent deduction will be given in 1985-86 or future years. By bringing forward planned business trips he may be able to take advantage of this deduction for the last time.

If there are any payments you can make under a deed of covenant you should act now. Parents may use a deed to support their children provided they are over 18 and grandparents may support their grandchildren of whatever age more effectively in this way. A deed of covenant is also the most tax efficient means of charitable giving. To benefit from these advantages in 1984-85, a valid deed must be entered into, and payment made on or before April 5 1985.

Capital Transfer Tax. The annual exemption for gifts in 1984/85 is £3,000 for both husband and wife separately. Any unused part of this exemption may be carried forward, but for one year only. It may be better, therefore, to make gifts in the current year. If no gifts were made in 1983/84, the £3,000 exemption from that year can still be used after the annual exemption for 1984/85.

Malcolm Gammie is director of national tax services at Thomson McLintock.

Smoothing out the pathways to profit

ERIC SHORT explains how life insurance and pensions bonuses operate

TRADITIONAL with-profits contracts from a conventional life company have been available as a savings vehicle for the general investor for two centuries and as a pensions savings medium for the self-employed for almost three decades. Yet the workings of the with-profit system are understood by only a minority of investors.

The starting point of the with-profit system is that a life policy or pension contract guarantees a minimum level of benefit at the outset. On a life policy, this benefit is the guaranteed value payable at maturity of the policy at the end of the selected term or on earlier death, while on a pensions policy it is either the cash sum or the pension paid at retirement.

Only very low investment returns are required to finance these guaranteed benefits. This means that any surplus is available each year from the life and pension funds. These are distributed to with-profit policyholders in the form of "reversionary" bonus additions to the guaranteed benefits — an archaic expression reflecting the era in which the system originated. In more modern terminology, they might be called deferred bonuses.

Thus these bonuses are not paid out when they are declared, but only when you cash in the policy. Thus, on a life policy, the bonus may be £5,000, for example, added to the final benefit. This bonus once declared becomes guaranteed along with the basic benefit and previously declared bonuses. With pension policies the retirement benefits are enhanced by the declaration of a bonus.

This use of reversionary rather than cash payments has considerable implications when projecting future benefits on a with-profits contract.

Life companies now generally add on a final bonus payment, when the life policy is cashed in or when there is claim for a death. With pension contracts, there can be a final bonus when the pension is about to be taken. Such terminal bonus, as they are called, are a comparatively recent development.

With-profits policyholders should watch out for two distinct operations that now take place each year. The first is the calculation of the amount of profit to be distributed from the life and pension funds. The second is the application of a formula by which that profit is shared out among policyholders and, in the case of proprietory life companies, shareholders.

The calculation of the amount of profit each year is the responsibility of the actuary of the life company. This is essentially the excess of the value of the assets in the fund over the value of the liabilities. The methods of ascertaining both assets and liabilities are designed to yield a steady profit year on year rather than to fix a theoretically precise profit figure.

This means that annual fluctuations in investment returns can be smoothed out, in contrast to unit-linked life assurance where fluctuations in market values are immediately reflected in the unit price movements.

Life companies traditionally declare one specific annual reversionary bonus rate for, say, all life contracts and a different rate for individual pension contracts. This rate can be applied in three different ways.

1—A simple bonus system. Thus life policies which offer the same basic benefit on death are granted the same bonus addition irrespective of how long the contract has been in force. There are still a few life companies, mainly home service companies, using this system.

2—The compound bonus system, where the bonus rate is applied to the basic benefit and to the bonuses already declared. The effect is to add higher bonuses the longer the policy has been in force. A 25-year policy will thus be given a larger bonus than a 10-year contract.

3—A super compound system where one rate is applied to the original basic benefit and a different, usually higher, rate applied to later bonuses. This enhances the effect of longer duration on the amount of bonus added.

It is noteworthy that Equitable Life Assurance, the original designer of the with-profits system over 200 years ago, has a reverse super system paying a lower bonus on later bonuses than on the basic benefit. This gives proportionately higher bonuses to those who hold shorter duration contracts of, typically, 10 years.

EXAMPLE OF THE SUPER COMPOUND SYSTEM

Sun Alliance Term 25 years	£
Basic benefit	2,748
Accumulated bonus to 1983	4,400
1984 reversionary bonus*	374
Total	7,522
Capital bonus†	4,397
Maturity payment	11,919

* Bonus rate 4 per cent of basic benefit (£2,748) plus 6 per cent of accumulated bonuses (£4,400).

† Terminal bonus rate 160 per cent of basic benefit.

Next week: How the actuaries share out the profits.

YOUR SAVINGS AND INVESTMENTS

Alexander Nicoll looks at the opportunities in lacklustre trust shares

The tell-tale signs of a shake-up

SHAREHOLDERS in an investment trust can make substantial capital gains if the trust falls victim to what is known in the trade as "corporate activity"—that is, it is taken over, liquidated or shaken up in some other way.

To do so, bowever, you either have to inherit long-forgotten porlfolios of once-fashionable trust sbares—or to buy the ahares at the typical 25 per cent discount to the net asset value per share at which they usually trade.

Normally, trust sbares rise sharply as soon as brokers and professional Investors get wind that developments are likely. Smaller investors cannot get in quickly enough to make an investment worthwhile.

Nevertheless, there are opportunities for small investors to benefit from institutions' desire to shake up tho sector. By liquidating investments, they aim to contract the size of the sector and bring the market value of their shares closer to the worth of trusts' underlying portfolios.

But the aatute private investor can watch for tell-tale signs which berald the onset of "corporate activity" and then huy up the shares of a takeover victim. What follows is a guide to what to look out for. Note that these are simply hints and by no means infallible ones. Most trust shares will continue to languish at a wide discount to net asset values.

● **Investment performance.** Paradoxically, the worst performing trusts may turn out to be tbe best investments. Persistent lacklustre showing in terms of net asset growth naturally tends to be accompanied by a sluggish share price as well as low dividends, and institutions are less and less willing to tolerate this. Thus they are likely to be open to approacbes from potential bidders for the trust, ready to support management cbanges, or keen to see the trust liquidated—enabling them to realise close to net asset value.

Figures showing individual trusts' performances In terms of return on net assets and share price over the past one and five years are publisbed monthly by the Association of Investment Trust Companies. Leading stockbrokers also issue performance tables.

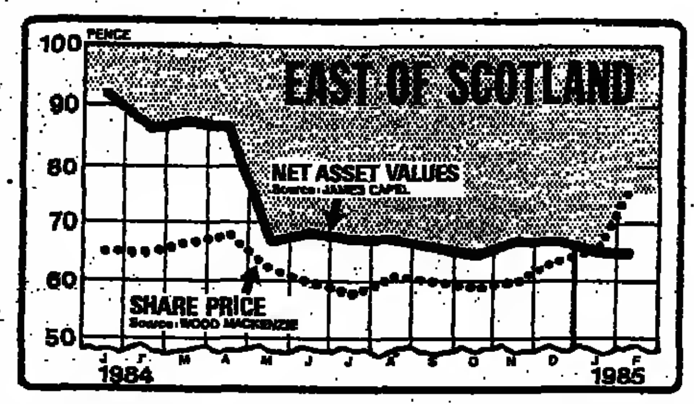
Tbe AITC's rankings show, for example, that London Trust bad the lowest published return on net assets in the five yeara to the end of 1984 (although Its large size could deter a takeover attempt).

● **Investment policy.** The most vulnerable trusta are those with a general rather tban a specialised portfolio, especially those wlth a high proportion of listed investments, since unlisted holdings may be difficult to liquidate at market value. General trusts often aim for growth in both capital and income, and many have been managed qulte passively. Nevertheless, there are several general trusts with a respectable performance.

Institutions often feel that they themselves are capable of picking a general portfolio, and they increasingly look to investment trust managers to provide specialised expertise in a geographical area or industrial sector. However, sectors can go out of fashion and some speciallst trusts, particularly In the energy field, are now coming under pressure after several years of poor performance.

● **Management.** Trusts run by small managament stables lacking specialised knowledge are the most likely to be taken over or liquidated. Institutions increasingly favour larger, growing management groups which have sufficient funds uoder their control to attract young, go-ahead managers.

However, you shonld discuss this aspect with your broker because it may be difficult for the outsider to distinguish between tbe smaller groupa that are up-and-coming and those viewed aa declining.



East of Scotland Onshore, target of a bid this week, is a classic example of a vulnerable investment trust. Performance bas been poor (thongh It says its portfolio is on the upturn); its investment policy, though specialist (energy) is out of favour; it is run by a small management gronp; it is itself small; its biggest shareholder is London and Manchester; its discount rapidly narrowed and disappeared last year after share purchases by the insurance gronp.

Managers outside the main centres, London and Edinburgh, are examples of those under growing pressure. The Aberdeen Trust is coming under closer scrutiny from institutions and one Dundee group recently combined its operations with those of an Edinburgh company.

● **Size.** The smaller the trust's portfolio, the more vulnerablo it is. It would be difficult for anyone to take on the might of, say, the Globe with over £600m of assets. Sometimes, a trust may be picked out merely because of Its size, when the takeover of a trust is used by the bidder aa a cash raising exercise instead of a straight rights issue. The choice of a target will depend on the bidder's funding needs. Bnt trusts with net assets of between £10m and £50m are most likely to fall within a predator's target range.

● **Shareholders.** Often the first sign that changes are on the way for a trust is the acquisition of or increase in a stake by one of the more demanding institutions, such as the London and Manchester insurance group, Prudential Assurance or the Save and Prosper unit trust group. Every bolding of more than 5 per cent has to be disclosed to the Stock Exchange, as well as any subseqnent chango of more than 1 percentage point. However, many Institutions are passive ahout their investment trust holdings, and shareholders should not expect pressure to come from, say, Pearl Assurance or some Scottisb life insurance companies. Some trusts may be effectively protected for takeover or significant change by their ownership structure.

● **Discount.** If the share price has already risen close to net asset value there is clearly no sign of a substantial capital gain. But a narrowing of the discount can be spotted and Investigated before it is too late. Discount figures are available from brokers and jobbers. Conversely, a particularly wlde discount of 30 per cent or more may reflect the market'a conviction that there is little chance of a shake-up. Don't act unless you know something the market doesn't.

Rival claims of mother and lover

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

My son has taken out a 25-year mortgage on a house, with a young lady. They are both responsible for £15,000 each, and are now living there.

He has approximately £40,000 in savings, is in quite a dangerous job. In the event of his death, he has legally signed that his estate will clear the outstanding mortgage (i.e. his sbare).

Can the young lady claim the remainder of his estate? If, however, he makes a will in his mother's favour has my wife the prospect of obtaining a sbare, as it is largely dne to her efforts that he is in such a sound financial position and an injustice would be done?

If the person with wbom your son is living is maintained by him, sbe may have a claim on his estate under the Inheritance (Provision for Family and Dependants) Act 1975. Whether such a claim would succeed, and to wbat extent, depends on the full circumatances of the way of lifo and financial arrangements between the two people during your son's lifetime. Subject to such a claim your wife could take if a will is made in ber favour and is not subsequently revoked. She could also bave a claim of there is no valid will left and your son contracts for value to leave such a will.

Payment in advance

I think I understand the position regarding the assessment of Schedule D Case III interest to tax on the preceding year basis (and the rules for opening and closing years). I have however not been able to understand why a taxpayer must have to pay tax on part of the interest before it is actually received. Could yon please elncidate this particular point—i.e. under what circumstanees one may have to pay tax on ioterest before It is actually received?

Case III income tax is payable on New Year's Day (despite the fact that tax collectors are not required to be in their offices to receive the payments, oddly enough). Someone wbo bought NSIBs last April, for example, would therefore bave had to pay tax on New Year's Day on the interest which be would not actually receive until later in the current tax year. Anticipatory taxation is levied on many kinds of income, e.g. furnished lettin profits (assessable under case VI), and is a fundamental principle of the schedule D tax collection system.

Anticipating a share

On the death of my aunt in 1980 I became sole executor of her estate of some £60,000. Her will instructs me to give the income from the trust fund to her friend and former companion. I lady in ber iate 90s in very good health. Thereafter to give the capital of the fund to four residuary legatees comprising my brother, my sister and myself, who are all in our 50s and a cousin who is just over 70 years of age.

During the past four years I have carried on tho trust with generous administrativo help from the other beneficiaries during which time my aunt'a late companion has become resident in a rest home. Now my brother has written to me suggesting that in view of our cousin's age and the healthy state of the trust funds I should anticipate future events by offering a non repayable loan of say £5,000 which would be dedneted from his future entitlements in dne course. Meanwbile enahling him to enjoy tho cash while still relatively fit.

I am inclined to agree with this proposition if it is (a) legal and (b) unlikely to plunge the estate into financial difficulties with my cousin'a own beneficiaries in due course. If, for example, my cousin predeceased my aunt's companion having spent the £5,000.

If the cousin has a vested interest (ie his right is not conditional on hia surviving the life tenant) you can adopt the course which you indicate. Moreover you may bave the power to make an advancement of capltal to a beneficiary such as your cousin. We think that you would be wise to consult a solicitor.

Water in the pool

I havo recently moved to this bouse. Tho previous owner bnilt a swimming pool and operated it for a wbile before selling the house to me.

I have discovered that be did not declare the existance of this pool to the water anthority. I gather that the pool is of snch a size that a water meter needs to be installed wlth a cost payable lo the water anthority of around £150.

Am I liable for this cost or can I suggest to the water anthority that they claim the money off tho previons owner?

We think that you are liable to the water Authority for the charge. Whetther you can recoup it from your vendor depends on the terms of your contract with him.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

APPOINTMENTS

Manufacturing director for BP Oil

Mr Ian Baker, general manager manufacturing, BP Oil International, has been appointed director of manufacturing, BP OIL, marketing and refining arm of The British Petroleum Co. He succeeds Mr John Bushby, who will be retiring, and joining the high technology engineering group, Gray Mackenzie (Overseas) as director of a new energy services division.

★

Mr Christopher Bayly and Mr Alan Gaynor have been appointed joint managing directors of CB PETROLEUM CONSULTANTS, specialist independent petroleum consultancy financed by Lazard Brothers & Co. Both were senior executives of Gaffnay Cline.

★

Mr Timothy Clarke will be joining the partnership of PANMURE GORDON & CO, stockbrokers, on February 11.

★

Mr Martin Grant has been appointed managing director of ROAST INNS, part of the retail division of Whitbread. He was marketing director of Beefeater Steak Houses.

★

Mr Terry Brown has been appointed aviation director of the VIKING INTERNATIONAL group. He was group operations director.

★

Mr Timothy Pethybridge has been appointed a director of VICKERS DA COSTA, stockbrokers.

★

HAMBRO LIFE ASSURANCE has appointed Mr R. P. Garraway and Mr A. C. Long main board directors. Both are directors of BAT Industries.

★

Mr Wally Eveson has been appointed works director of THOMAS WILLIAM LENCH. He was formerly personnel manager with Mansill Booth (Delta) of Smethwick.

★

PIONEER MUTUAL INSURANCE CO has appointed Mr Charles H. Tidbury as a non executive director. He is a director of Barclays Bank and Nabisco Group.

★

ELSWICK-HOPPER has appointed Mr Paul Hill as company secretary and group financial controller.

★

KLOCKNER INA INDUSTRIAL PLANTS has appointed Sir Jock Taylor, a former British Ambassador to Venezuela, the Netherlands and the Federal Republic of Germany, as chairman.

★

Following the resignation of Mr Gordon Brown, who has become finance director of Magnet & Southerns, COUNTY BANK, merchant banking arm of National Westminster Bank, has promoted Mr Stephen Moore to regional director, Manchester office, with responsibility for County Bank's merchant banking activities throughout the North West.

★

Following the acquisition of Helmsman Insurance Brokers by Harris & Dixon (Insurance Brokers), Mr B. W. Hubbard, managing director of Helmsman, has joined the board of HARRIS & DIXON (Insurance Brokers).

★

Following the merger between SUN ALLIANCE and the Phoenix Assurance, Mr Frank Burns has been appointed manager of the eastern region. Mr Tony Cupper is Midlands regional manager and Mr Joe Smith is appointed manager, north western region.

★

MONTAGU LOEBL STANLEY FINANCIAL SERVIES, a subsidiary of stockbroker Montagu, Loebl Stanley & Co, has appointed Mr Roger Bence a director. He was a director of Roy. Trust Financial Services, financial planning arm of the Royal Trust of Canada. He will have special responsibility for further developing a range of services, including capital transfer tax planning, life assurance and pensions.

★

Mr David Winch, formerly a director of Tarmac, and now chairman of Victaulic, has been appointed chairman of FAIRFIELD MABEY.

★

Mr Raymond A. Henley has been appointed as an investment director of REED STENHOUSE INVESTMENT SERVICES. He joins RSIS from his present position as a director of Touche Remnant Financial Management.

★

Following the retirement of Mr Maurice Jacobs, Mr Jeter J. Bingham has been appointed managing director of CARGO SUPERINTENDENTS (LONDON). While Mr Bingham has assumed full operational control, Mr Jacobs will continue to work in an advisory capacity, as chairman.

★

Mr. Brian Cookson has succeeded Mr Fred Rollason as chairman of SODASTREAM HOLDINGS. Mr Cookson was until last year chairman and managing director of Ross Foods and is a director of Imperial Foods. Mr Rollason becomes a non-executive director of Sodastream.

★

WESTMACOTT-ST JAMES'S FINANCIAL PUBLIC RELATIONS, Edinburgh, is a new company supported by St James's Corporate Communications, Fleet Street. The directors are: Mr J. W. M. M. Richard (chairman); Mr M. R. Westmacott (managing); Mr P. J. M. Manning, Mr R. D. Hardwick and Sir Russell Fairgrieve.

Motor Cars

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Residential Property

PROPERTY

The hunt for land hots up

BY JUNE FIELD

WITH LAND, the housebuilders' raw material, getting more difficult to find and more costly to acquire, information on almost any suitable piece of ground going is being sought actively from all sources by developers.

The land does, of course, need to be in the places where people most want to live. Fewer than 20 years ago, much of the building land bought was open fields as house-buyers wanted semi-rural settings and large gardens. Now, with increasing fuel and transport costs, people need to be nearer the shops and have less garden to worry about.

Ideally, most builders would like to build on flat, open land with good ground conditions. As this type of site is getting scarcer, more and more parcels of land in urban areas which have become disused or derelict are being re-developed. Even back gardens in the right areas are in demand.

"More land wanted" is the plea included in Temple Estates' marketing for their retirement cottages near Rochester, Kent. And land for that market means being on the flat, and not too far from shops and other amenities.

Maunders of Manchester, who cover the spectrum from starter through to sheltered homes, operating on more than 25 locations throughout the north-west, say they need one site every 10 working days. In an open letter to land-owners, estate agents and professional bodies, connected with building land, chairman John Maunder says that if you own one or 50 acres and want to sell by tender, auction, or private treaty, there are substantial funds available and handsome commissions for introductions.

"Every day we buy land for 11 homes," records the Trafalgar House Group's subsidiary, New Ideal Homes, in its new employee and customer journal, *Forum*. It says that any site of at least two acres is of interest and, in the higher-value areas of central London, even smaller sites are considered.

As Ideal Homes builds some 4,000 houses a year, even its 2½-year land-bank means a constant requirement of 2,000 plots each year, or at least one scheme with 40 plots every week. (With the acquisition of Comben last summer, Ideal is now the fifth-largest housebuilder in the UK.)

The Berkeley Group, the Weybridge-based building company that went public successfully on the USM last July, also is hungry for pieces of ground, as long as they are in a desirable location.

"Something capable of development of up to 30 units in any price range is ideal — but don't worry if it is only a single plot," insists managing director Tony Pidgley (who with Jim Farrer, both former main board directors of Crest Nicholson, set up the Surrey company eight years ago).

There are other rewards for suitable information, too. "When we purchased land through an estate agent, we will almost certainly instruct them to sell any property built on the site," advises the company booklet *Why Offer Land to Berkeley Homes?* which illustrates some of the high-specification, up-market property it builds on small, choice sites in Surrey, Sussex, Berkshire, Hampshire and Hampstead.

Most of the houses are of pleasing, but traditional, appearance. The impressive five-bedroom family homes I saw from about £120,000 upwards were mainly mock-Tudor, half-timbered, tile-hung and dormer-windowed or pseudo-Queen Anne with porticoed front door (although the smart new retirement flats at around £38,000 at Alexandra Lodge in the centre of Weybridge, did have a faintly Swiss chalet-air; and a one-off house in the £½m class on the plush St George's Hill estate, where I first came across the company a few years back, looked like something from a Hollywood film set).

But then, Berkeley's prospectus states quite categorically that it is not an innovator in terms of design; and there are 100 or so interior variations so that, when you visit your neighbour's home, you do not think you have wandered into your own by mistake. Things like chiming front-door bells, and an outside tap for washing the Jag are standard, but a whirlpool bath will cost anything up to £1,000 extra, and a wine cellar under the double garages around £2,600.

At the moment, the target is about 150 houses a year, most of which are built to order or sell during construction. After the initial small reservation fee (refundable) £10,000 deposit is paid, with the rest on completion. The safeguard against any problems is a "*caution*" *taken out* by the purchaser on the title.

* * *

To allay any slow-down in the lower and middle-end of the market because of the increase in house-buying loans, some builders have been quick to come up with help.

- Algrey Homes, Horsham, has frozen its customers' mortgage rate at 10 per cent for a year after occupation. This is in addition to its "fast-mover deal" which offers discounts of up to £2,500 for an early exchange
- Barratt has introduced a cash-saving scheme on many of its 500 developments throughout the country. This means purchasers are offered a £50-per-month cut in their mortgage repayments.
- Wates gives up to £2,000 discount on selected plots and Wimpey Homes has extended its three-year mortgage-assistance scheme, applying it to all new homes up to £35,000 and up to £45,000 on certain developments in London and Aberdeen.

Water views all the way at Luralda Wharf on the Thames in Saunders Ness Road, London E14. Flats face Greenwich and the famous clipper Cutty Sark across the river, and sell from £67,000 with a mortgage subsidy through Richard Reynolds, Barratt East London.

GARDENING

Compost without the confusion

BY ARTHUR HELLYER

THERE IS probably more confusion now about seed and potting composts than at any time since the John Innes formulae were published half a century ago. For 25 years from then Innes composts reigned supreme, giving a degree of certainty that had never existed before.

The breakdown began as it became increasingly difficult to get sufficient loam of the type and quality required; and the position became worse with the great rise in price and scarcity of hoof and horn meal, an essential ingredient of all the Innes potting composts.

Meanwhile, work at the University of California had proved the possibility of using peat instead of soil as the bulk ingredient of both seed and potting composts. Peat was, and still is, available readily in Britain and Ireland; it can be standardised much more readily than loam, requires no sterilisation and is far lighter to transport.

So peat-based composts began to take over; but, though the University of California published many alternative formulae for these, little was written about them in Britain. As a result, few gardeners tried to make their own, and manufacturers remained secretive about the ingredients.

The situation has been complicated further by the arrival of new materials such as vermiculite, perlite and, most recently, polyacrylamides, which are still so novel that they may be difficult to find in shops and garden centres though they can be bought direct from firms distributing them.

Polyacrylamides absorb large quantities of fluid: Put a teaspoonful of granules in a jug, pour water on them and they will begin immediately to expand in a quite spectacular way, and probably come streaming over the top in a minute or so. Mixed with soil they will absorb and expand in a similar way, providing a reservoir that will reduce considerably the frequency of watering needed to keep the soil moist.

It is claimed they have no harmful effect on soil or plants and this seems to be borne out by the very small-scale experiments I have been able to carry out with a product trade-named Hydreserve. This is made by Agricultural Polymers, Northwich, Cheshire, and distributed in the UK by Idealands, 1 St George's Avenue, South Shields.

Other polymers of a similar kind are Hydrostock, marketed by Nortene, 41-46 High Street, South Norwood, London; and Terra-Sorb, from 34a Hatch *House*, London Road, Hatch, Basingstoke.

Although vermiculite and perlite are recommended mainly as alternatives to sand to prevent soil or peat from clogging, they also hold quite a lot of water; but the functions of the two groups of materials must not be confused since polyacrylamides do not make compost more porous—rather the reverse.

One of the drawbacks of peat-based seed and potting composts is that, unless specially treated, they are reluctant to absorb moisture if allowed to become very dry. It is easy to overlook this, especially with pot plants, since *dry compost* shrinks and leaves a gap between the peat ball and the side of the pot down which water disappears rapidly when *it is* applied, so *giving the false* impression that it is being absorbed.

Some peat compost-makers have countered this by adding something to reduce the surface tension of the dry peat, but I have never been able to persuade anyone to tell me what the additive is.

So where does all this leave the ordinary home gardener, who wants simply to grow plants with little trouble and much success? I think that for the germination of seeds, the rooting of cuttings, and the cultivation of young plants for a few months, the advantage now lies with peat-based composts. All the leading brands seem to be reliable, even if it is difficult to determine what advantages one may have over another.

All suffer from the drawback inherent in composts that lack the buffering effect of soil, of being able to carry only a *limited reserve of plant food*. After six or eight weeks of growth, you must begin supplementary feeding—and be very careful not to give too much *at any one time*. That means small quantities of feed every 10 to 12 days and a careful watch for any signs of leaf injury or poor leaf colour.

But for plants that are to stay a long time in containers, I favour soil-based composts. This is partly because they safely retain much larger food reserves and partly because they are heavier and firmer, so that plants are more likely to remain erect.

Most likely the compost will be *called John Innes, but* this is not a guarantee that it will contain loam of the right quality or that it has been sterilised by steam. It may well contain less fibre than is desirable and so quickly become more compacted than is good for plants. If I am at all suspicious of the compost on such grounds, I add extra peat and possibly extra sand or perlite.

I am, however, making more of my own composts: peat ones, with good quality sphagnum peat plus half its bulk of perlite; and soil composts, with the best soil I can find in the garden plus its own bulk of peat and half that quantity of perlite.

I add Phostrogen or one of the Chempak base fertilisers (there is one for seed compost, another for potting compost) at the rate advised on the packs, and I find that I get good results and save myself quite a lot of *money*. *In future, I might con-*

Overseas Property

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Rentals

TRAVEL

MOTORING

Arthur Sandles is lured by the mysterious Near East while **Francis Ghiles** tries the colourful cuisine

Turkish delights to titillate the tourist

IT WAS nice to see pictures of Princess Margaret amilingly collecting herself at Heathrow for her Caribbean trip this week. Off to Mustique yet again. The Grenadines owe a great deal to her. Such constant patronage does an area enormous touristic good.

Other destinations, without the benefit of loyal royals, are swept back and forth on the tides of fashion. For most of us, with rather lower horizons and shallower pockets than the Caribbean in winter requires, Spain and Tunisia are "out" at the moment while Greece and Yugoslavia are definitely "in". The real travel buffs, however, are heading for Turkey.

Istanbul is definitely the entry point for the mysterious east as far as the British are concerned. It is a country whose inhabitants, quite apart from being Muslims—not a plus factor in the eyes of most western Europeans—are reputed to be hard and wild. Its territory is perceived as hardly more endearing.

Historically, the Turk has been a much feared enemy. Culturally, the land has been incomprehensible. The Bulgars were the outer limit as far as travellers were concerned, but those who crossed the Bosphorus (much less romantic in its literal translation Ox-ford), were explorers. To reach Trabzon on the Black Sea coast was venture enough. To get as far as Mt Ararat was a triumph indeed—and still is.

The resorts on Turkey's beautiful western Mediterranean shores are today among the last unspoilt towns and beaches around that sea. The visitor is not with the madding crowd. Indeed, Turkey, with a population of nearly 50m, has only 63,000 tourist standard beds to rent—fewer than Tunisia, with only 7m residents.

Those hotels that are there tend to be small, at least by Benidorm standards. As a result, the major tour companies steer clear of the country. If you go to your travel agent and ask about Turkey, you are likely to get a blank look and, then, face a worried couple of minutes while the clerk searches for the right files.

Hotel holidays have for some time presented a problem for western European visitors. Getting from place to place has been difficult and the hotels are notorious for ignoring booking requests from individuals.

Even today, the touristic infrastructure is very underdeveloped. The plus side of this is that the supposedly "hard" Turks are almost embarrassingly eager to welcome visitors and, provided you respect the tremendous local pride, considerable efforts will be made to make the guest happy. The minus is that there can still be tribulations, particularly as you move farther east.

But things are getting better. Until Dalaman airport—which lies between Ismir and Antalya—was opened, travellers had to put up with hours of driving on narrow roads to get to the coastal resorts (Istanbul airport itself was little more than a glorified Nissen hut until the present elegant, modern terminal was opened 18 months ago).

The rewards of such a trip were huge, however; and now that the journeys are simpler, they are even more tempting. Mile upon mile of unspoilt coast includes sand, rock and pebble. A wealth of historical sites makes the Mediterranean shoreline and the immediate hinterland of Cappadocia one of the richest cultural hunting grounds in the world. There are said to be 50,000 archeaological sites from the Greek empire alone.

The coast is dotted with old fishing ports that still are fishing ports, with all the fun and frustrations of local markets.

The further east you go, the more this challenge becomes a reality. The roads deteriorate further and the lack of accommodation becomes a real problem. In Turkey's wild east, as you approach the eastern and southern borders, security becomes an intrusive difficulty.

One of the most tempting offerings to this eastern part comes late in May, when John Julius Norwich is leading a Serenissima group on a remarkable 19-day trip that promises a view of Ararat; a picnic on Aghtamar Island, one-time capital of the Armenian King Gagik I; and a Jeep excursion to Nemrud Dag and the Colossi of King Antiochus of Commagene. A mere £1,735 for a spectacular trip and one that, unlike a great many of the Turkish-organised trips, uses British Airways for transportation.

The east is perhaps not the best starting point for a Turkish visit, other than for the most adventurous. Toe-dipping in the west is much more the thing.

A typical couple of weeks in Istanbul this summer would leave you little change from £500 for a basic package (good hotel, bed and breakfast). Eating out is cheap and of a very high standard — provided you don't have too many food fads.

A two-week trip to the Turkish Riviera would cost much the same, while the Aegean coast is marginally cheaper.

Falcon Holidays now has an extensive sailing holiday operation on the Turkish coast, and is the first such company to be recognised by the Royal Yachting Association.

Falcon Holidays can be contacted through your travel agent or at 190 Camden Hill Road, London W8 7TH. Serenissima Travel is at 2 Lower Sloane Street, London SW1W 8BJ.

Independent travellers are urged not to set out without hotel bookings, particularly in the summer. The Turkish Tourist Office is at 170/173 Piccadilly, London W1V 9DD.

A head of Apollo at Nemrud Dag (Mount Nimrod)

Beauty before brains

TURKISH CUISINE, like Arab and Persian poetry, is highly symbolic and colourful. Consider, for example: "Hunkar begeodi" (the Sultan's appreciation), "Imam bayildi" (Imam's delight); "Vezir parmagi" (Vizier's finger) and "Hanim dudagi" (Lady's lip).

In this way the visitor is reminded that in Turkey there exists a language of food, and some foods are believed even to have magical powers. In some places, people do not eat brains for fear of becoming as stupid as the animal. In other areas, people avoid the hearts of birds in case they acquire their timidity.

The nation straddles two continents and is the heir to both sophisticated states such as those built by the Lydians, Armenians, Cappadocians and Mesopotamians (later influenced by the Romans and the Greeks) and to the more frugal — Spartan, maybe — traditions of the Bedouin Arab.

The character an dstyle of Midle Eastern food took its present form, however, in the Persia of the Sassanid period (3rd-7th century AD), during the reign of Khusro II whose military triumphs over Byzantium were matched by his cruelty, greed, and the dazzling extravagance of his court.

Meat, marinated in yoghurt and flavoured with spices; the popularity of young kid, beef cooked with spinach and vinegar or fried in buter with a sauce; suffed vine leaves—a taste for all such recipes originated at his court.

Raki, the local aniseed spirit, was until recently more common than wine in Turkey and it takes a visiting Frenchman to insist on "Kavaklidere, 1974." Most Turks would concur with the wish of the Istanbul poet, Cihan Veli, that he be "a fish in a raki bottle," although an Islamic purist counterswell condemning alcohol also is evident.

Binboga vodka also is excellent to wash down the meze: This assortment of small dishes —nuts of all types, salted chick peas, pieces of cheese cut in smaller cubes (fried, maybe), sauces and dips, and fried eggplants to which the inhabitants of Istanbul were so devoted that the fires they caused were sometimes called "eggplant fires"—is a way of life around the Mediterranean Sea.

A speciality of the cuisine is hors d'ouvres: Black caviar, shrimps, slightly-salted tunny, smoked fish and/or a selection of hot hors d'oeuvres such as shrimps grilled, fried or "gratined," squid and fried kachkaval—veal bacon, grilled in a paper bag.

Then you turn to the main dish—fish (usually excellent) or meat: "Chateaubrian," as one restaurant puts it, "Bonfilet," as another does, "Portfolio"—well, whatever it is, it is bound to be good. Furthermore, the quality and taste of Turkish vegetables is somthing I have come across nowhere else, except perhaps in Morocco in the spring.

You can request your meat or fish to be stewed, skewered, fried, stuffed or grilled. After that, some meat balls, perhaps, with pilaw rice or turkey with chestnuts. There is also a lighter egg plant soufle or baked courgettes with dill, mint, parsley and cheese.

Turkey has a sweet tooth, too, and has some surprising puddings—"Asure"—which, for example, includes chick peas, dried fara beans, kidney beans (soaked overnight), and cooked slowly with sugar and raisins—is excellent.

Sephardic Jews brought their own specialities from Spain, five or six centuries ago: Orange and almond cake, Hojuelos de Haman (which commemorates the defeat of Haman by Esther and Mordecai) or Rahat Lokum, sometimes stuffed with fresh cream, will conclude the meal happily with coffee—horta, semi-sweet.

The extensive use of yoghurt is one of the great pleasures of Turkish cooking, equal to Morocco's skill in combining the textures and flavours of meat and fish.

Turkey owes many a dish to the Caliph who commissioned them, or the poet who sang it, or the imam who fainted on receiving it. When the Turks went into battle, their cooking pots were carried on a special cart and formed a key rallying point. To help locate them more easily in battle zones, they stretched skins over the top of brass cauldrons and beat them with ladles—thus, the origin of the kettledrum.

Stuart Marshall tests two diesels

One for the money, one for the load

THE DAIHATSU Fourtrak Estate and the UMM Trans-Cat have one thing in common: both are diesel-engined, on-off road utility vehicles with four-wheel drive. In every other respect, they could not be further apart.

The Daihatsu is a luxuriously-trimmed five-steater with a raised roof to give extra headroom to the three people sitting on the rear bench. The front seats and standard of trim are in the Range Rover class; the turbo-diesel (just under 2.8 litres, 87 bhp at 3,600 rpm) is quiet enough for radio listening on the motorway.

It has 10 forward gears—five in high, five in low range—light, power-assisted steering and all the amenities one expects of an executive-type saloon. It costs £9,999 and is aimed at the recreational user.

In complete contrast, the UMM, of French ancestry but assembled in Portugal, is rough, touch and utilitarian. The engine is a 2.3-litre Peugeot producing 67 bhy at 4,400 rpm and maximum torque (that is, it pulls hardest) at only 2,200 rpm. For severe off-roading, torque means more than sheer power. The harder the going, the better the UMM becomes.

Although the leaf springs give it quite a reasonable ride, it is not a happy machine on the highway. The steering is heavy, the wheel is placed as it might be in a 1920's lorry, and the spokes obscure the instruments. The four-speed gearbox is a hefty handful but works well enough. Although the front seats are quite good, rear passengers—up to six of them—sit facing one another and would not want to travel far.

Come to that, I would not want to drive the UMM very far, either, as the noise level is quite incredible. There appears to be no sound damping at all and the smooth-running Peugeot engine could almost be in the cab with you, not under the bonnet.

The only arguments in the UMM's favour are that it is built extremely strongly, with thick steel panels, and is cheap. The station wagon comes complete with nudge bars (useful in London to keep taxis away, as well as protecting the radiator and light from the undergrowth when going cross-country) and freewheeling front hubs for £8,609. This is the posh model: a mechanically-identical hardtop without windows or seats is £7,613, and a pick-up with canvas top £7,325.

Who would buy the UMM? Someone who reckons the Land Rover went soft when it got coil springs and winding windows.

I drove the UMM in Scotland and the Daihatsu in Surey, and both came to grief in what looked like easy conditions. In Scotland, the ground was firm, the grass wet and the gradients very steep —around 1-in-3, I would guess. The tyres lost grip on the grass and the ground was too hard for the knobbly shoulders to dig in. I don't think any conventional 4x4 would have done better.

In Surrey, an innocent-looking field had the load-bearing capacity of chocolate blancmange. Although I was going downhill, the Daihatsu sank up to its hubs in seconds. Luckily, it was land used by Robert Mandry, inventor-constructor of the remarkable RTV (Rough Terrain Vehicle) described here on August 18 last year.

His Mini-engined RTV waddled across the morass to firmer terrain, lowered a ground anchor and winched me out with the ease of a wine waiter uncorking a ...bottle... of ...premier ...cru Bordeaux. If this little machine were German or Japanese, everyone would be raving about it. But it is virtually all-British (and 90 per cent Mini) with all mechanical bits available from the nearest Unipart stockist.

It isn't an alternative to a conventional 4x4 like a Land Rover but, for knocking around a big estate, I have seen nothing better. The RTV is as easy as a Mini to drive—the transmission is automatic—and it costs from about £6,900 upwards. Mandry is at Ottershaw, Surrey (093287) [illegible]. If what you have now keeps bogging down, give him a call.

The Daihatsu, which is available petrol-engined for £8,749, is ideal for those towing boat or horse trailers who want to use the same vehicle for shopping, school runs and holidays. I don't rate it quite as highly as the Mitsubishi Shogun five-door estate (this column, January 5) for refinement and driving pleasure, but it is £2,500 cheaper.

BOOKS

Hearts as trumps

BY RACHEL BILLINGTON

Rosamond Lehmann: An Appreciation
by Gillian Tindall. Chatto and Windus. The Hogarth Press, £10.95. 201 pages

Rosamond Lehmann has always been under suspicion of being a "romantic novelist." The aura hovered dangerously round her first and most successful novel, *Dusty Answer*. (As an intellectually snobbish girl I read it under the covers of *Pride and Prejudice*.) *Dusty Answer* which was published when she was twenty-six was followed by other novels. Two of those, *Invitation to the Waltz* and *The Weather in the Streets* which is a sequel with a time-lag, are excellent novels, filled with the kind of irony and subtlety which is alien to romantic fiction. A longer work, *The Echoing Grove*, written in 1953, has its nearest fictional cousin in D. H. Lawrence's *Women in Love*. Yet the "romantic" cloud obscured Rosamond Lehman's work for twenty years or so and it's only recently that the literary spotlight has turned her way—mostly as a result of Virago's publication of her less well-known novels.

Gillian Tindall takes a firm stand on the question of romance early on in her study. She attacks her critics for believing that "a writer who writes about the dark alleys of love rather than the corridors of power was automatically unserious, unenlightened and escapist." Then she points out that Rosamond Lehmann's stock-in-trade is not fruitful matings and happy endings but, rather, love misplaced, denied or betrayed—and betrayed not so much by human perfidy as by life, circum1 stances, time itself.

This is only too true. The recurrent themes of the Lehmann novel are always tragic. Death comes down at speed and in a wide swathe. The earlier books, written in the 1920s, are filled with echoes of the First World War. In her later books, characters fall victims to the effects of the Second World War. Indeed few of its major characters survive to the end of *The Echoing Grove*.

This is a long way from romance. And yet there is an aspect of the Lehmann oeuvre which is not foolish or insulting to describe as "romantic." It is not easy to pin down but is indicated by such words as "dream," "mystery," "yearning," words always associated with her work. It is as if the books are literally unfinished, the characters still searching to resolve themselves right up to the last page—and beyond. It is the feeling suffered (or enjoyed) by the adolescent standing on the terrifying brim of the adult world. It is the not grown-up feeling that leads the most sedate of housewife's to dream of being thrown across a Sheik's saddle-bags. More seriously, it is the position of "the outsider" who is eternally waiting to cross the threshold—to where?

It is also the element in Ms Lehmann's work that lays her open to ridicule. *The Echoing Grove*, her most conscious and ambitious work, goes so far in this direction with its constant re-working of passionate relationships that at times one is tempted to throw out the whole lot with a brisk cry: "What a neurotic woman!" Yet this obsession is also her strength and the exaggeration merely confirmation. In the same way D. H. Lawrence, turning a character into a pillar of salt, teeters on the edge of absurdity. It is a kind of emotional daring which is not popular with our best novelists at the moment. It would be impossible to imagine intellectually disciplined writers such as Malcolm Bradbury, David Lodge or Alison Lurie letting themselves go or, more important, letting their characters go, in such a way.

This raises the tricky question of authorial voice. Ms Lehmann switches from an over the shoulder third person narrative to first person in *Invitation to the Waltz* when she wants to convey the powerful first weeks of love.

But the first person is always a limitation to the writer's art and Rosamond Lehmann is too much concerned with the broader pattern of events to give in to it entirely. Gillian Tindall quotes Elizabeth Jenkins as comparing her work to a woven carpet and the flow of words—positively gushing in *Invitation to the Waltz*—serves to disguise her careful constructions. Nor should the intensity of her imagined relationships be too closely identified with the intensities of her own life. As she told Ms Tindall, it is the important things that might but don't happen in your life, that makes the best fiction: 'Potential is often the most potent element. . . .' Doubtless there will one day be a fascinating biography. Meanwhile we have here a small work of literary criticism, interesting, careful, thought-provoking.

Nevertheless, in the end and at the end, it is Rosamond Lehmann's reaction to reading this appreciation which is memorable. She writes that *The Swan in the Evening*, the book where she describes the death of her daughter, Sally, and the contact she makes with her subsequently, was "totally relevant." After this experience, her obsessions which had made her an "outsider" were re-interpreted. "Underneath all the obsessions lay my life-long obsessive search for the meaning (if any) of life and death." After her daughter's death, "I didn't hope or fear any more, or dramatise the subject. Like Jung, I didn't—I don't—believe: I know. So I've become a sort of insider—a strange sort."

Michael York and Lisa Eichhorn in last year's TV-adaptation of Rosamond Lehmann's "The Weather in the Streets" with, inset, the author at the time she wrote the novel

L.G. on the brink

BY MALCOLM RUTHERFORD

Lloyd George. From Peace to War, 1912-1916
by John Grigg. Methuen, £19.95. 527 pages

To begin with a quibble: my copy of this book reads engagingly until Page 96, then moves to Page 401 and picks up again at Page 129. Some 30 pages—the index suggests they are to do with *Ireland*—are missing altogether. Surely Methuen ought to be able to do better than that.

Yet perhaps there is something symbolic about the omission. There is a general view that the early years of this century represented a golden period in British history: the great Liberal reforms, the great men, Asquith and Lloyd George, Churchill in his youth, the height of British power.

The more one thinks about it, however, the more it looks like a record of failure—the time when the country's relative decline set in. The Asquith administration, of which Lloyd George was a prominent member, grappled with great issues. It resolved practically none of them, and some of them are still around today.

It did not effectively reform the House of Lords. It did not know what to do about the suffragettes, as the women's movement was then called. It did not come to terms with Ireland.

Even more seriously it failed totally to foresee the first world war. It did not note the significance of the rise of the U.S. And it failed to realise that even the continental powers were catching up, and overtaking, Britain economically.

There was also a process of political realignment which one wonders is not the rule rather than the exception in British politics. The Liberal Party was declining, though it seemed to be at its peak. The Labour Party was on the way up. Yet somehow the best of the two could rarely get together. How true again today.

This is the third volume of John Grigg's biography of Lloyd George and still only goes up to his assumption of the premiership in 1916. It is biography in the classical sense—about the man rather than the economic and social circumstances of the time and as such is riveting to read.

The chapter on his long affair with Frances Stevenson is deeply sympathetic. Yet there are other times when Grigg can be notably critical: for example, over Lloyd George's carelessness in the Marconi scandal and especially in revealing that he was seeking to keep his own son out of the war while at the same time encouraging others to serve. He wrote to his wife: "I am not going to sacrifice my nice boy . . . You must write Will telling him he must on no account be bullied into volunteering abroad."

What comes out most, however, is Britain's sheer unpreparedness for the fighting. As Chancellor, Lloyd George was dealing with the budget as well as playing a part in the Irish negotiations. Between the beginning of 1913, Grigg records, and the outbreak of the war he had attended only one meeting of the Committee of Imperial Defence, and at that he had merely commented sharply on Admiralty plans for strengthening the defences of the Shetlands.

Of course, no-one knew how ghastly the war would be. There had been nothing like it before, except perhaps the American Civil War. And there are times when Grigg senses that the British people like to feel virtuous by fighting. "Whereas the French knew that their men were fighting and dying for France, the British were encouraged to feel that they were performing a sacrificial act that would purge the world, once and for all, of the evil of war."

Lloyd George took part in that encouragement, and probably in the end had no choice. Yet one cannot help wondering at a country which seems to have lived so blindly in the early years of this century, and still looks back on it as a golden era.

Chrysler man speaks

BY KENNETH GOODING

Iacocca
by Lee Iacocca and William Novak. Sidgwick & Jackson £12.95, 352 pages

What an appalling picture Lee Iacocca paints of Detroit as Motor Town approached the end of the boom years.

At Ford the founder's grandson, Henry Ford II, was behaving like an absolute dictator whose decisions were not open to debate. His management philosophy: "Keep your people anxious and off-balance."

Promising careers at Ford came to an abrupt end and the victims often did not know why. Henry II fired one president because the man never knocked when entering the chairman's office.

Executives did not have to tangle directly with Henry to suffer. It was not even safe to be within range of his beady gaze. Iacocca was ordered to "get rid of" an excellent manager and good friend because Henry Ford insisted the man's trousers were too tight. "He's a fag."

Although Ford ruled through fear, the executives put up with it because the rewards were so lavish. Apart from million-dollar salaries and bonuses and stock options there were the perks. Iacocca, as president, had a Boeing 727 available for his business trips. The restaurant at the "Glass House," Ford's headquarters building, was one of the finest in the world where it was discovered each executive lunch was costing $104—back in 1964. One manager wanted his office redecorated with antiques at a cost of $1.25m. "I could tell Henry was displeased," says Iacocca, "because he scrawled across the memo: 'Make it $750,000'."

The American industry is still today paying the price of having managers who were more interested in short-term results than holding the union demands in check. Not only are car workers the highest-paid in U.S. manufacturing industry but their fringe benefits are exceptional — the cost of providing health care for its employees costs Chrysler the equivalent of $600 for every car it produces.

As Iacocca remembers:

"We were making so much money that we didn't think twice. We were rarely willing to take a strike and so we never stood on principle. I sat there in the middle of it all and I said: 'Discretion is the better part of valor. Give them what they want because if they strike we'll lose hundreds of millions of dollars. We'll lose our bonuses and I'll personally lose half a million dollars cash."

Iacocca also gives a first-hand account of Chrysler, much smaller than Ford—the number two car-maker — but still the tenth largest corporation in the U.S. When he arrived in 1978 Chrysler was on its way to bankruptcy and in a state of anarchy:

"The company was like Italy in the 1860s, it consisted of a cluster of little duchies, each one run by a prima donna. It was a bunch of mini-empires with nobody giving a damn about what anyone else was doing."

Worse, there was no overall system of financial controls, no financial planning and projecting. Chrysler was running marginal or loss-making operations on every continent except Antarctica but Iacocca found he could not get hold of basic financial information to tackle the fundamental problems.

Lido Iacocca, the son of Italian immigrants who named him in memory of their honeymoon at the Venice Lido, seems to have been ideally suited for a rise to power in Detroit. He grew up during the U.S. depression and became a materialist:

"When I graduated from college, my attitude was: Don't bother me with philosophy, I want to make ten thousand a year by the time I'm 25 and then I want to be a millionaire. I wasn't interested in a snob degree, I was after the bucks."

A bright and gifted personality with an ego "as big as the great outdoors," he was lucky enough to be in several right places at the right time.

For example, there were hardly any other students at college when he was there — they had all gone to war. Iacocca, with a constitution like an ox, was automatically rejected because he had had rheumatic fever as a child.

He joined the Ford company from college and first came to public attention when he led the team which developed a revolutionary sports saloon, the Mustang. The car had the unique privilege of being featured on the covers of both Time and Newsweek the same week.

Iacocca was only in his mid-forties when he became president of Ford. "Henry was king, I was crown prince." But it was not long before Henry was crying "Off with his head."

In October 1978, aged 54, Iacocca was forced out. Ford had just declared record profits yet the board did not resist Henry Ford's action. Iacocca not only lost his job, he lost most of his friends. They worked at Ford and were terrified that Henry would fire them too if they were seen consorting with Iacocca.

He remains intensely bitter about Henry Ford. "He made my kids suffer and for that I'll never forgive him."

Iacocca might have never been heard of again but for his knack of being in the right place at the right time. Chrysler, in its death throes, called him in as chairman to attempt a resurrection. Iacocca saw a chance to get back at Henry Ford, took the job and lived to regret it several times over.

A convinced freetrader, ardent believer in the survival of the fittest and "let the marginal guy go broke," Iacocca had to go to the government for help. He justifies this by insisting that government interference in the form of arduous regulations imposed on the motor industry was responsible for half of Chrysler's problems.

If dealing with the politicians was difficult, getting Chrysler's banks around the world to agree to the rescue terms was infinitely more taxing.

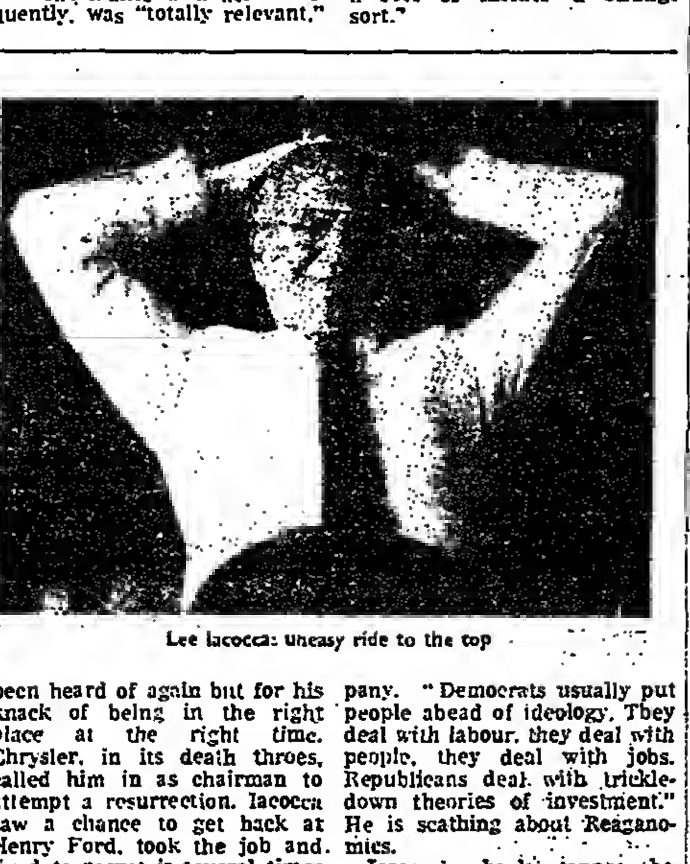
But Iacocca by 1983 turned Chrysler round from a corporation to which even the local delicatessen would not send sandwiches on credit to the point where it paid back over $1bn in government loans seven years early.

The Chrysler experience changed Iacocca's political philosophy. He suggested that a Republican administration would not have helped the company. "Democrats usually put people ahead of ideology. They deal with labour, they deal with people, they deal with jobs. Republicans deal with trickle-down theories of investment." He is scathing about Reaganomics.

Iacocca's book cannot be wholeheartedly recommended in spite of all the irresistible anecdotes. It does not go deeply enough into his experiences at Ford and Chrysler and he wastes space on four chapters of "Straight Talk" which will be of little interest to British readers. Neither is it a tract from which any new management theories emerge.

It is a fascinating, but ultimately unsatisfying, glimpse of a man whose television appearances endorsing Chrysler turned him into one of America's best-known personalities. There were even rumours — quashed last year when he signed another three-year contract with Chrysler — that he would stand for the Presidency of the U.S.

In characteristic style, Iacocca writes: "Because of all the TV commercials I did for Chrysler, many people now think I'm an actor. But that's ridiculous. Everybody knows that being an actor doesn't qualify you to be President."



Lee Iacocca: uneasy ride to the top

After the Shah departed

BY TERRY POVEY

Reign of the Ayatollahs by Shaul Bakhash. I. B. Tauris, £13.95. 282 pages

Iran under the Ayatollahs by Dilip Hiro. Routledge and K. Paul, £20.00.

Late in the afternoon of February 10 1979 a breathless female voice broke into the martial music that had been playing on Iran's state radio for several hours and said "This is the voice of the Iranian revolution." Suddenly it was all over; the Shah had fled, his most potent representatives on the ground, the army, had backed off from acting on its own and the Imperial Guard had been beaten by a motley alliance of airforce technicians, leftists and Islamic radicals after a two day battle.

In the early hours of the following day and after an appeal for help, a male voice came on the air with "This is the voice of the Islamic Revolution of Iran."

In those few hours the station had been first seized by radical groups—including members of the station's staff. Then forces *loyal to the Ayatollah* had turned up to take charge. It was a pattern that was to become all too familiar.

It is the events that followed this collapse of the imperial régime and the emergence in its place of the Islamic Republic that is the subject of *Reign of the Ayatollahs* and *Iran Under the Ayatollahs* — the first two extensive accounts of Iran's post-revolution years.

Although neither book is hostile to the revolution itself (something that will disappoint the recidivist monarchists) the two authors clearly take very different views of the balance-sheet of the past six years. Dr Bakhash, an Iranian academic living in the U.S., has produced a very crisp, one is tempted to say cold, retelling of the key events and of the emergence of the clerical régime. Disappointment with the outcome of the revolution among many involved in its *making* is a theme strongly felt throughout.

Almost as an antidote Mr Hiro, an Indian freelance journalist and writer living in London, has come up with an alternative view — one sympathetic to Tehran's present rulers in the context of world and regional concerns close to the author's heart. The Ayatollahs have confounded all prophecies of their doom and are still ruling, and what is more Iran will never be without them. What matters is who has come out on top; middle class concerns such as political and personal freedom may have been trampled on, but the lower classes are solidly behind the clerics. Or at least so Mr Hiro argues.

Both books share an essentially chronological format (although that of Mr Hiro usefully dwells on Iran's relations with the outside world), and have been published in the midst of ten days of celebration in Iran for the sixth anniversary of the revolution. Today, however, largely docile crowds numbered in thousands rather than millions, chant slogans prepared for them by an all-pervasive officialdom. Unfortunately what the country might be thinking at this time is not the subject of either book.

In the *Reign*, Dr Bakhash has surely been right to place considerable emphasis on the debate just after the revolution on the constitution of the new state. It was the insistence of the radicals and liberals on an elected chamber that apparently led to their demise.

"Who do you think will be elected to a constituent assembly?" Mr Hashemi Rafsanjani (now the second most powerful man in the country) is said to have asked Mr Abol-Hassan Bani-Sadr (subsequently elected President and now a fugitive in France), "a fistful of ignorant and fanatic fundamentalists who will do such damage that you will regret ever having convened them."

The upshot of months of arguing was a constitution that bore no relation to the submitted draft. A presidential system (with more than a strong whiff of Gaullism) had been disembowelled by placing at its top a "Religious Guardian," an infallible authority in matters both religious and secular.

From then on it was down hill all the way for the secular forces and only a matter of time before each grouping or party was proscribed. In the fourth chapter of his book, Mr Hiro passes all too quickly over these events — too quickly because the wounds opened up by them will mark Iran for many years to come. The ugliness of a rampant consensus is not lessened by its apparent popularity.

Towards the end of the *Reign*, Dr Bakhash argues that the pragmatism observable in more recent times does not imply political liberalisation. "The instruments of repression remain firmly in place."

For Mr Hiro, however, whilst there has been repression what really matters is the end result. Iran today is an independent country, enjoying an ideology rooted in its own culture. The clerics have found a genuine "third way" between the capitalist/communist poles that divide the rest of us.

Mr Hiro believes that the old order has been swept away; Dr Bakhash that the "pillars of the old state" have been combined, often uncomfortably, with the revolutionary institutions. Iranians are now more governed (controlled, spied upon, coerced, regulated) than ever before.

Political views apart, a major difference between the two authors is their source material. Dr Bakhash relies heavily on *original but mainly printed* material; Mr Hiro on western press reports. And perhaps as a result, the closer one gets to the present, the more one feels a lack of intimacy with things post-revolutionary.

Finally, neither book gives a lot of space to economic questions (except for the admirable chapter on land in Dr Bakhash). The new rulers in Tehran are now deeply split, ideologically, over just this area of national life. The clergy, fractious as ever, are not at all agreed on what they are trying to construct.

And both books leave unanswered the question: What have the Iranian people made of their government, as opposed to what it has made of them?

Wife who became a prima donna

BY MARTIN SEYMOUR-SMITH

Valley of Decision
by Stanley Middleton. Hutchinson, £8.95. 214 pages

Heaven and Earth
by Frederic Raphael, Cape, £8.95. 310 pages

The Old Colts
by Glendon Swarthout. Secker & Warburg, £8.95. 183 pages

To a Native Shore
by Valerie Anand. Piatkus, £8.95. 287 pages

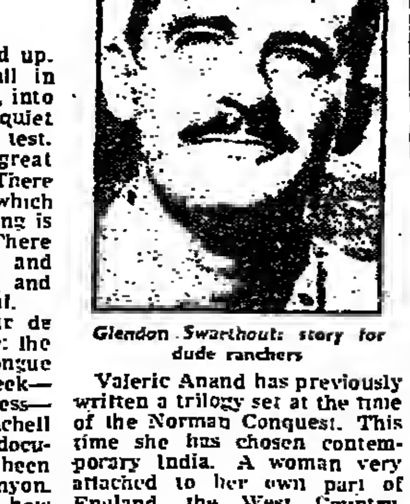
Stanley Middleton is almost always well spoken of. But he remains strangely neglected: little has been written about his work, and not a single one of his novels, at least up until last year, had been published in the United States, although he is often spoken of there with respect. For a similar case of critical neglect one must look at James Hanley. The fact is, Middleton makes many of our more adulated novelists look silly—or at best merely interesting. Almost every reader, when you talk to him, fully agrees—but then does nothing about it! The best he has had is the Booker Prize—but regrettably that does not always lead to the results it might. Booker winners are frequently forgotten, and not always for good reasons. The strongest possible plea for this leading English novelist should now be made, and I urge readers to obtain this new, and very fine, book—and then to look for the others.

Middleton writes about ordinary, ungifted, frequently drab people at periods of their lives when they are under severe pressure. He then, so to say, puts them to the test: do their bad circumstances bring out the best in them, or don't they? The answer varies. But Middleton's knowledge of human psychology and his dogged love for both his fellow man and for the harsh, often sour truth, are sovereign in our time. Few, I am prepared to wager, will not be moved to admiration at the craft, the feeling, the skill and the depth of *Valley of Decision*. Hence, as sometimes elsewhere, Middleton's refusal to manipulate his audience may distract attention from his compassion. It should not do so. As I once remarked, Middleton is the one major writer in English who could make one sorry for a VAT man under unhappy circumstances.

His theme here is an old one, treated anew: the conflict between artistic ambition and human responsibility. One of the two protagonists is a teacher who is happy and fulfilled in his work and in his amateur music-making. His wife is equally happy as an amateur singer. But then she finds an opportunity to get into the big time as an opera singer. The narrative is dense and rewarding: the author demonstrates that the things we think of as commonplace are anything but that; I cannot recommend it too highly.

I had always thought of Frederic Raphael as a highly gifted writer of movie and TV scripts and as an efficient, intelligent but unspectacular novelist. *Heaven and Earth* has changed my mind. It is by far and away the best and most serious thing he has ever done. It is in essence a subtle and sympathetic portrait of a man, Gideon Shand, who has made a virtue out of failure. Frustrated from becoming the academic success he might have been, he has moved to a cathedral city as an Open University lecturer and a translator. He is deservedly liked: a model of decency. But he has an over-se[illegible]tive son who is bullied and for whom he cannot stand up. He moves—but, not at all in accord with his intentions, into a situation which puts his quiet nature to every possible test. The book is written with great aplomb, but is never glib. There is a brilliant passage in which a book Gideon is translating is juxtaposed into the text. There are many fascinating and revealing ramifications, and the dialogue is exceptional.

The Old Colts is a tour de force in at least one sense: the author claims, with his tongue either in or out of his cheek—it is easy enough to guess—that the late Walter Winchell gave into his keeping a document which had in turn been given to him by Damon Runyon. This document tells of how Wyatt Earp and Bat Masterson met up as old men in New York City and took to a life of crime as well as wine, women and song. Glendon Swarthout is the author of *The Shootist* and knows how to do this sort of thing; so for fans (I use the word advisedly) of the not-so-old-West, including those who weekend on "ranches" in the Home Counties, this is a must, although it may prove a little too comic for their not always unsolemn tastes. A likeable but very lightweight book.



Glendon Swarthout: story for dude ranchers

Valerie Anand has previously written a trilogy set at the time of the Norman Conquest. This time she has chosen contemporary India. A woman very attached to her own part of England, the West Country, marries an Indian doctor and goes with him to live in Chandigarh in northern India as a part of his family. Circumstances force her to make a choice; the novel is really about her, and her husband's resolution of this choice. The book is not more than competently written, but compensates for this by its honesty and its refusal to sentimentalise. The author has a particularly good sense of place, and of how differences of place can lead to differences in attitude.

Arthur's agonies

BY DEBORAH STEINER

Living with Koestler: Mamaine Koestler's letters 1945-51
edited by Celia Goodman. Weidenfeld and Nicolson, £12.95. 204 pages

It was not a likely union. In 1945, Arthur Koestler, a central European Jew, an ex-card carrying Communist, warned Mamaine Paget that he suffered from cyclic neurosis and would like to marry her. In agreeing, Mamaine turned her back on the English gentry stock from which she came, on her education in an Essex boarding school and a Swiss *pensionnat de jeunes filles* and on the London season where she, and her twin sister Celia, had been the city's most photographed debutantes.

In the six years, which Mamaine spent with Arthur, she wrote to her twin almost every week. This was the period, not covered in Koestler's own autobiographical account when he was most involved in exposing the "useful lies" of the Communist creed. Against the backdrop of his activities, Mamaine's letters and diaries show concerns of a different kind. The house where the Koestlers first lived in Wales was bitterly cold, and food was scarce. Later, in France, while Arthur waited for reviews of *Insight* and *Outlook*, the leaking septic tank and departure of yet another cook absorbed Mamaine's energies. International events come and go, the servant problem remains.

Domestic trials, Arthur complained, interfered with the work that was critical to his well-being. His outbursts of rage punctuate the letters, and lead Mamaine to speculate on how much longer their life together can last. China, furniture and a hapless commissaire were not the only victims of Arthur's fury. Numerous friendships dissolved, prompting Mamaine's reflection that it was Arthur's subconscious urge to be quite without friends. More accurately, one aquaintance, Alexis Ladas, complained, "Arthur demands that one should all the time be ten years older than one is."

The intelligentsia of the time continued to make tracks to the Koestlers' door. Mamaine describes going the rounds of several bars in Paris with Sartre, Simone de Beauvoir and Camus. Malraux's white-walled flat she dismisses as "flashy." In 1950, the Congress of Cultural Freedom in Berlin brought together Koestler, Jules Romains, Raymond Aron, Benedetto Croce and others. In America, Arthur and Mamaine met the leading politicians of the day. Sadly, Mamaine reflects on the fate of political men who, like Arthur himself, tire of the Left and vainly hope to liberalise the Right.

Rootlessness was central to Arthur's character. Not so to Mamaine's. Although she followed him from Wales to France, Germany, Israel and America, this Paget twin never lost her *Englishness*. In every house she and Arthur lived in, she tried to create a home and garden. There are no letters and no diary entries for the winter of 1950 which Mamaine spent back in London. There was no need to write; she was happy and at home.

In spite of the deep commitment which these letters reveal, Arthur and Mamaine could not lead a life together. Arthur's open promiscuity, never hinted at in the letters, and his refusal to have the children Mamaine always wanted were additional strains on the marriage. Celia Goodman, Mamaine's editor-and-twin, gives a brief account of their separation in 1951 and of her sister's death just three years later. The introduction, postcript and annotations to the letters are sparse and to the point. Clearly Mrs Goodman feels Mamaine's words stand on their own. And, with their wit, poignancy and conscious naivety, they do.

HOW TO SPEND IT

by Lucia van der Post

One Little company goes to market

OSBORNE & LITTLE could be said to bave done for wallpapers what Torvill & Dean did for skating—that is they transformed the potentially mundane into an art-form. Their designs are to be found on the walls of small Chelsea houses, grand hotels and sumptuous foreign palaces. But for oll the fame and all tbe design accolodes, their share of the market is small. Not to mince words, it ia, as Sir Peter Osborne himself, one of the founding partners put it, "tiny." One per cent to be exact.

This week's launching of the company on the Unlisted Securities Market is designed to change all that. The two partners, Antony Little and Peter Osborne, see the move as o necessary stage in their expansion and bope that the spin-off in terms of sales will enable them to open more showrooms (when they opened tbeir sbowroom in Edinburgh sales in Scotland more than doubled) and extend the product range.

What the market thinks of its commercial future, no one yet knows but for homelovers concerned with what to pnt on their walls Osborne & Little hos alwaya been a compulsory stopping off ploce for those with more than a passing interest in contemporary design.

They started in the 1960s wben Antony Little, a freelance interior designer, felt that the current wallpaper designs lacked the strength and excitemen that bad been a hall mark of the turn of tbe century designs by people like William Morris and Pugin. He felt thot the discerning public was offered too little choice — anybody looking for something strong and different bad usually to buy imported papers from France or America.

The first collection created, in its way, a small sensation. It featured strong geometrics, a marked contrast to the Coles' revivals and dainty numbers from the other manufacturers. It represented at the time a complete break with contemporary British wallpaper design. It was sold from a small sbop io the Brompton Road and immediately attracted a lot of publicity, including a Council of Industrial Design award, and most importantly of all, a loyal and discerning clientele.

From there they continued with their philosophy of exploring new design areas. Just as one thought that strong geometrics was their "house-style" they would movo on and introduce something new. They were the first to introdnce those once highly-fashionable metallic papers that flourished in the early 1970s.

Though tbe company atill screen-prints some of its more rarefied papers and horders (a laborious and delicate procesa thot is, inevitably, reflected in the prices) the move into machine-printing in 1976, revolntionised the business.

The highly successful collection, Hanging Gardens, was launched at the same time, combining more accessible prices, with a range of matching fabrics. Since then it has increasingly produced more and more fabrics, both to match and to complement the papers.

Other blg design landmarks are collections like Plalns and Nnage whicb offered to the domestic user a quick and easy way of achieving with wallpapers some of the effects that were becoming increasingly popnlar with paint. The gentle, speckled bockgrounds of Plains, the marbled effects of Slena, the dragged look achieved by Grains, all these were atylish and ultimately inexpensive ways of achieving a high-fashion look.

Regatta, the latest collection, which features 50 wallpapers and 20 fabrics

For those who are interested in how Osborne & Little see the walls of today—Regatta is ooe of the most up-to-date collections on sale. The atrength of the designs can be seen in the photograph, above, but alas tho strong, bold colours cannot.

As to the future, the ideos go flowing on. 1985 will aee some four or five new rangea, the first of wbich is provisionally called Dark Wood and consists of large-scale florals set against wood effects, whicb will be produced in 20 colourways. Also in the pipeline ore furtber experiments of the higbly successful paint-effects range—in porticular experiments with the unusual blended effects popular io the lote 18th century.

A typical strong, early Osborne and Little design

Hearts galore

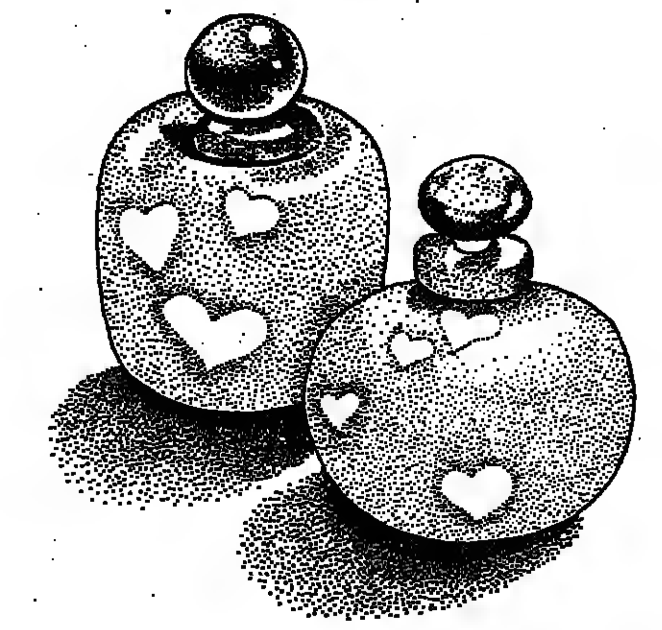
THERE IS still time to remember St Valentine's Day if you've a mind to. Tbose wbo find the wbole idea a little frivolous and wbo would like to combine it with the feeling that somebody, somewhere, besides the commercial exploiters of tha event should benefit you could order a single boxed red repllca rose from John Grooms Associotion for the Disabled.

For tho price of a £1 the single rose is aent to the address of your cboice—this gives the association a small profit to contribute to the work it does to help the disabled to belp themselves. Anybody wanting to send a small donation as well can take this opportunity to do so and be sure that the money will be well spent. For St Valentine's orders to be sure of arriving on time, £1 (or more!) should orriva by Monday and be sent to: "Activities Centre," John Grooms Edgware Estate, Edgware Way, Middlesex.

* * *

If you can't share luncb with your loved-one, The Admirable Crichton will send a special Valentine's Day lunch for one person to any address within a 50-mile radius of London for £15, delivery free in the West End and City (outside it is extra). Nestling inside any oyster-coloured box tied with pink ribbon ("very rococo") are two courses nestling in white straw and confetti.

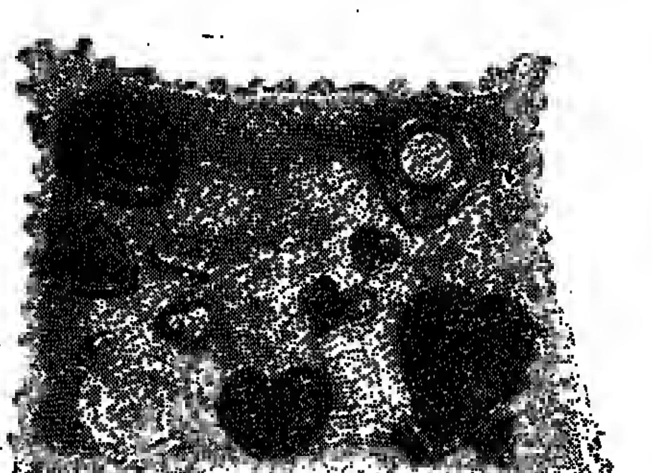
"Pink peppercorns hugging rack of lamb with artichoke heart full of broccoli flowers and bot pistachio kisses. Tiny new potatoes cuddled by tender mint leaves. A love net of meringues brimming with passion fruit cream and strawberries. A praline and chocolate heart. One quarter bottle Veuve Clicqnot and a pink, pink rose." But you'll bave to burry. Ring 01 675 4343. Orders and money must be received by Tuesday.



Clare Brooks

ABOVE: For the one-off, the hand-made, the original, go to The Casson Gallery, 73 Marylebone High Street, London W1. The shop is full of encbanting present ideas hnt clearly ideal for Valentine's Day are these free-blown sandblasted glass scent bottles. Tbe glass bas a frosted look witb the bearts being formed from clear patcbes. There are four different sbapes, all £18 eacb (p + p £1.50).

BELOW: For the old, the special, the rare, go to Antiquarius or The Chenil Galleries in King's Road, London SW3. Photographed here is a selection of heart-shaped objects, ranging from a pointed porcelein hox for £25 to a rare 1930's Lalique glass scent hottle for £200 and a silver clock at £235.



COOKERY

Beautiful bangers

By Philippa Davenport

CAN you guess what prodnct is labelled as containing the following ingredients: "salt, oecf fat (with antioxidant E320), monosodium glutamare, yeast extract, dehydrated cod, chicken fat (with antioxidant E320), onion powder, flavouring, spices and berbs"? The answer, unbelievable though it seems, is fisb stock cubes by Knorr.

The contents list on the average packet of pork sausages makes almost equally unappetising reading. It is true that pork is the first item mentioned, which means it is the major ingredient (law dictates that ingredients be listed in order of proportions used), but legally the meat content may be as miserly as 65 per cent oi total weight, and almost all notional brands contain a good deal of rusk or other starchy cereal padding, not to mention such unappetising extras as milk powder, soya protein, monosodium glutamate, preservative and colouring agents. No wonder taste ond texture are so poor!

You moy be lucky enough to track down a botcher who makes his own meatier products but the surest way to enjoy really good sausages, bangers not whimpers, is to make them yourself.

Making sausages at home is simple and enormous fun. In fact, the greedy pleasures of making and eating bome-made sausages can become rather addictive, with husbands and children vieing to take their turn at creating new variations, thus making cook temporarily, gratefully, redundant in tho kitcben.

The only essentials for making sausages that taste as good as they abould are pork, salt, a few of your favourite berbs and spices, and a meat mincer. Once the ingredients have been mixed and minced together, the mixture can simply be rolled into sausage sbapes between floured hands. Alternatively, and more attractive by far, the sausagement can be fashioned into patties and wrapped in lacy caul fot—if you can get bold of some caul.

What makes sausage-making such an irresistible pursuit, bowever (apart from the eating, I mean) is converting the meat mixture into splendidly professional looking links.

In the old days achieving such results involved long bard work: first finding a butcher prepared to sell you a length of suitable gut, then summoning up the patience to fill the skins by hand—pushing the sausagemeat in with a wooden spoon handle. Nowadays it's a cinch: good quality sausage skins (also called casings) are easy to buy, and a little gadget is available for directing sousagemeat neatly and efficiently from the mincing mochine into the skins.

For £3.50 (including postage and packing) Gysin and Hanson of 96 Trundleys Road, Deptford, London SE8, will supply by mail order 25 yards of hog casings or 50 yards of sheep casings—enough to make 20 lb of standard-size sausages or 20 lb of chipolatas respectively. The casings arrive quickly, packed in salt in a resealable tub, and will keep for up to six months in a 'fridge.

I haven't yet graduated onto other aorts of aausages bot I understand that Gysin and Hanson are geared to meet the sausage enthusiast's every need and will supply casings suitable for making black and white puddings, haggis, solamis end so on if you want them.

The sausage filler gadget is basically a sturdy, long funnel: you thread the sausage skin onto it, then screw it onto the meat mincer. No fillers are availoble for fitting to Spong's manual meat mincers, bot fillers suitable for fitting to the Chef Excel and to all other food mixers in the Kenwood range can be bonght for £2 to £2.50 from Kenwood Centres (mini stores within stores) np and down the country. If not currently in stock, orders are despatched by post, at no extra cost, direct to the customer's home address within a few days.

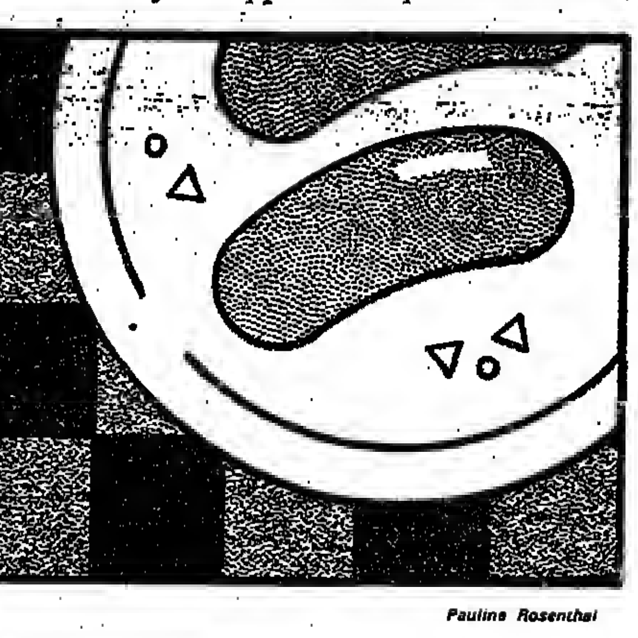
The instruction leaflet whicb comes with the Kenwood sausage filler attachmeot, suggests (as do most recipe books) that you sbould mince the meat mixture then put it through the mincer a second time in order to pipe it into the skins. I find it quicker and more satisfactory to combine the two operatioos: double mincing tends to produce poppy textured sausagemeat, even if a coarse mincing blade is used.

Kenwoods, like most recipe books, also advise wetting the insides of sousage skins, by running water through them, before attempting to fill them. I find this makes the skins too slippery—far easier to omit this process.

The method I use is described in detail below, and is followed by my recipe for Marlborough sausages, a good basic sausage which may serve as a "spring-board" for your own sausage recipes, but first a few general points about ingredients.

The better the pork tbe better tbe sausages. Too much pork today comes from young pigs bred for leanness: it is presumably less ricb in cholestrol but tends to be tough and to lack flavour. For the sake of good eating get proper old-fashioned pork if you can.

Virtually any cut is suitable for sausage-making. Most economic ia belly of pork (I hove a particular liking for salt belly), the thick end of whicb usually bas a ratio of 2 parts lean to 1 part fat wbich la the ideal for sausages. More expensively, the classic cuts to use are shoulder or neck meat aod hard back fat. Sometimes a mixture of green bacon fat and hard back fat is used. In all events the proportions should be 2 parts lean to 1 part fat.



Pauline Rosenthal

Other meats can also be used, including veal, beef and game. (Venisoo sausages flavoured with juniper or cardamom are particularly delicious.) When including o meat other than pork allow 1 part of your chosen meat to 1 part lean pork and 1 part pork fat.

Which herbs ond spices you use to flavour sausages is of course a matter of personal taste and half the fun of sausage-making lies in creating speciolités de la moison. Suffice to say that sausages should be well flavoured and there is no need to stick to classic British favourites such as sage ond nutmeg. For example fresh green herbs like basil make wonderful additions and so does garlic.

Seasonings apart, I believe sausages should be 100 per cent meot. Those who have hecome accustomed to eating the heavily padded ersatz sausages of comoierce, bowever, may find pure meat sausages almost too meaty—and I bave certainly found this to he the case with children. For them, initially at least, it may be better to include some breadcrumbs or mealy cooked chestnuts in the sausagemeat mixture, but not more, I would suggest, than 1½ oz per pound of meat (weight of lean plus fot).

THE BASIC METHOD

Cut off the length of sausage skin required, allowing about 1 yd of bog casing for 1 lb sausages or 2 yds of sbeep casing for 1 lb chipolatas, and soak it in a bowl of cold water for 30 minutes or so to wash away some of the salt and to make the skin pliable.

Meanwhile prepare the filling. Cut the meat (lean and fat) into cubes as though prepariog o stew, and put it into a large mixing bowl. Add salt (I allow 1 teaspoon or a little more per pouod of meat, unless using salt pork) and your chosen berbs and/or spices, each prepared as appropriate to type. Then add breadcrumbs or cooked and chopped cbestnuts if you wish to include tbem, at a rate of up to 1½ oz per pound of meat. (Add fresh breadcrumbs just as they are; toasted crumbs are best moistened with o little liquid—say wine or tomoto paste thinned with water.) Mix all the ingredients together very thoroughly with your bands.

Now for the only delicate part of the operation—tbreading the akin onto the nozzle of tbe sausage filler. This can be tricky until you've learnt the knack and I adviae allowing 15 minutes the first time you try it. Damp the nozzle of the sausage filler. Lift one end of the sausage skin from the bowl of water in which it has been soakiog, open it and slip it onto the tip of the nozzle. Gradually slide the rest of the wet skin onto the nozzle, wriokling it gently upwards. When all but an inch or two is shirred onto the nozzle, tie a knot in the loose end of skin.

Fix a medium-coarse blade onto the meat mincer, (or a fine blade if you want very smooth textured sausages), then screw the skin-threaded sausage filler onto it. Place a baking tray at the ready to catch the sausages as they come off the production line, standing it on an upturned bowl level with the nozzle so that the sausages can slide gently onto it.

Now for the magic. Fill the bopper with the well mixed ingredients and start mincing. Work steadily and not too fast, easing the skin off the nozzle as it is filled. Aim for plump sausoges but take care not to over-fill. If the skins are ioo taut the sausages may burst when cooked. I atop after every 3 or 4 in of aausage has emerged, and twist the skin before continuing; do this more or less frequently depending on how many sausages you want to the pound. Alternotively pipe tbe sausagemeat into the skin in one continuous but more loosely packed length; squeeze it gently at iotervals afterwards and twist into sbort sausage lengths.

The sausages are now ready to cook but will taste even better if kept for o doy to allow flavours to blend and mature. Home-made saosages can be kept in the 'fridge for up to 3 days (no longer because tbey contain no preaervatives) or they can be frozen. The normally recommended freezer storaga time is 6 months but aince home-made sausages tend to be highly seasooed I auggest 2 mooths maximum.

MARLBOROUGH SAUSAGES

This makes 2 lb sousages, a convenient quantity to make at one time. An excellent all-purpose sausage for serving with buttery potato purée, braising with red cabbage, making toad-in-the-hole aod turbigo, wrapping in brioche dough, using in a cassoulet, and so on. Also delicious sliced when cold for serving with celeriac rémoulade.

Two quantities are given for eacb seasoning listed. Use tbe smaller amount in eacb case unless including breadcrumbs, when I recommend using the larger amounts.

2 lb good, booeless ond rindless pork (either thick end of belly of pork, or 2 parts lean shoulder to 1 part bard back fot); 2-3 teaspoons coriander seeds; ½-1 teaspoon black peppercorns; 2-4 garlic cloves; 2-2½ teaspooos salt; 1 beaped tablespoon fresh lemon thyme (or 2-2½ teaspoons dried thyme); a small boncb of parsley; op to 3 oz fresh wholemeal breadcrumbs (optional).

Soak 2 yds or so of hog casings io cold water for about 30 mins. Meanwhile prepare the aausage ingredients and put them into o large mixing bowl. Cube the meat, pound the coriander seeds and peppercorns with mortar and pestle (or griod them coarsely io a peppermill), crush the garlic with the salt, and chop the fresh herbs. Add the breadcrumbs if using, and dried herbs, and mix very thoroughly.

Thread the sooked sausoge skin onto the nozzle of the sausage filler attachment, then screw it onto a meot mincer fitted with o medium-coarse blade. Put a plote under the tip of the nozzle to receive the sausages, and fill the hopper with the well-mixed ingredients. Mince steodily to make plump, well filled sousages, and twist ioto links at regular intervals.

BRIDGE

E. P. C. COTTER

MANY A CONTRACT is lost because the declarer is obsessed with the idea of immediately drawing trumps. Consider this deal from a team match:

N
♠ 7 3
♡ K 5 4
◇ A 6 5
♣ J 10 9 6 2

W
♠ K 10 5
♡ Q 10 2
◇ J 10 8
♣ K Q 7 3

E
♠ Q J 9 8 4 2
♡ 8
◇ Q 7 4 3
♣ 8 5

S
♠ A 6
♡ A J 9 7 6 3
◇ K 9 2
♣ A 4

With both sides vulnerable, South dealt and bid one heart and, after a single raise from his partner, went four hearts, which became the final contract.

West led the diamond Knave, East dropped the seven, the declarer won in hand, led a heart to the King, and returned a heart. Now, if the Queen drops in two rounds South pats himself on the back, hears the parrot-cry of "Well played" from North, and everyone is happy. Unfortunately, West beld the guarded Queen and South could not avoid the loss of a trick in each suit.

a little more expertise. After winning the diamood Knave with the King we cash the heart Ace, but then we abandon trumps. We make the club Ace and follow with the four. West wins with the Queen and leads the diamond ten, which we win on the table. We play dummy's club Knave, on which we throw the diamond nine. West is in again, and leads a third diamond. We ruff in hand and now a trump to dummy's King reveals the 3-1 break, but we are not worried. We play dummy's ten of clubs, throwing our losing spade, and claim the contract.

A second round of trumps must not be played at trick three—it is essential to preserve dummy's King as entry—but it is important to cash the Ace. If East should bappen to ruff a club we can overruff, and now the trump Queen must fall to the King. Not a difficult band, but you will find it constantly misplayed.

The second example comes from rubber bridge:

N
♠ K Q 9 8 7 5 2
♡ A 6
◇ K 8 3
♣ A

W
♠ 3
♡ J 8 5 4
◇ 10 6 5
♣ Q 9 6 4 2

E
♠ J 10 6 4
♡ 10 9 3
◇ A
♣ J 8 7 5 3

S
♠ A
♡ K Q 7 2
◇ Q J 9 7 4 2
♣ K 10

bid one spade, (he thaught about bidding two spades, but decided against it). South replied with two diamonds and North rebid three spades. Sensing o slam, South made the strong bid of four hearts. North showed support for his partner's suit by a bid of five diamonds, and South said six diamonds.

West chose to lead the spade three, an obvious singleton, taken perforce by the Ace, and South hastened to draw trumps, by leading the two to dummy's King. East won, and the return of the spade six, forcing South to ruff with ao honour, promoted West's ten and the contract was defeated.

The declarer was, nf course, right to draw trumps at once, but he went about it the wrong way. There was a safer method. He should cross to the Ace of clubs and return the three of diamonds. This is a form of Avoidance play. Now, when East wins with the Ace, and returns a spade, South can afford to ruff with his Knave without any risk of promotion.

Failure to spot that safer method cost 1470 points.

CHESS

LEONARD BARDEN

NEW OR little-known opening moves are prolific point scorers in chess at all levels. An effective innovation does not need move 25 of the Poisoned Pawn Sicilian; its success is geared to a particular opponeot.

In club or coogress gomes the best noveltiea ore those proven in master tournaments but oot yet generally curreot. Advantages of surprise and technical effect are enhaoced in open positions with fast development and mobile piece play.

This week's two gomes abow innovations tested on the world circoit permeating down to national level. Both occur as refinements to well established attacking systems and the surprised opponents make unforced errors. Antidotes will eventually be found, but meanwhile the innovation student reaps a barvest: the first game settled a £300 tournament prize.

White: A. Kosten. Black: C. Cooley.

Caro-Kann Defence (South Wales Open 1985). 1 P-K4, P-QB3; 2 P-Q4, P-Q4; 3 PxP, PxP; 4 P-QB4, N-KB3; 5 N-QB3, P-K3; 6 N-B3, B-K2; 7 PxP, NxP; 8 B-Q3, N-QB3; 9 0-0, 0-0; 10 R-K1, NxN?

Tbis important opening position can also occur from 1 P-Q4 openings by a different move order. White bas attacking chances, but bis central pawn is isolated. By exchanging knights and reuniting the white pawns. Black abandons a useful asset. Best is 10...B-B3; 11 P-QR3, P-QN3.

11 PxN, B-Q2; 12 Q-K2.

Perhaps even better is 12 P-KR4 at once, for if then with a strong attack.

12...P-QR3; 13 P-KR4! P-QN4. Here if 13...BxP? 14 Q-K4.

14 N-N5, P-R3; 15 N-R7, R-K1; 16 Q-R5, P-B4; 17 N-N5!

With the rook pawn os support, White's attack fast becomes decisive.

17 . . . PxN; 18 PxP, Q-R4; 19 BxBP!

Black missed this tactic. If PxB; 20 P-N6 with Q-R7 ch and Q-R8 mate, as the black king can no longer escape via K2.

19 . . . QxBP; 20 Q-R7 ch K-B1; 21 Q-R8ch, K-B2; 22 P-N6 cb, K-B3; 23 Q-R4 ch! KxB; 24 Q-R5 cb, KB3; 25 Q-N5 mate.

White: W. Watson. Black: J. Manley.

Ruy Lopez, Schliemann Defence (Pergamon British Lightning Championship 1984).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-B4; 4 P-Q4, PxKP; 5 NxP, NxN; 6 PxN, P-B3; 7 N-B3!

At first glance surprising, but the bishop offer gives a strong attack whereas 7 B-K2? Q-R4 ch and 8 . . . QxKP leaves White no compensation for Black's imposing pawn ceotre.

7 . . . PxB; 8 NxKP, P-Q4; 9 PxP e.p., N-B3; 10 B-N5, Q-R4 ch; 11 N-B3, P-N5; 12 BxN, PxB; 13 N-Q5!

The books give 13 N-K4, but the text, threatening N-B7 ch or Q-R5 ch, is better.

13 . . . BxP; 14 NxP ch, K-K2; 15 N-Q5 ch, K-Q1; 16 O-O, B-K3?

At ten seconda a move and with on exposed king, a defensive lapse is understaodable. 16 . . . B-Q2 is the move to test White's oew idea.

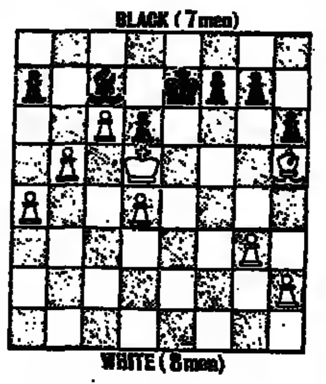
17 N-B4, Q-K4; 18 P-KN3, B-B2; 19 R-K1, Q-B3.

(No better is 19 . . . Q-QB4, 20 Q-N4.)

20 R-K6! BxR; 21 QxB cb, K-B1; 22 NxB, Q-B2; 23 R-Q1, Resigns.

POSITION No 554

BLACK (7men)



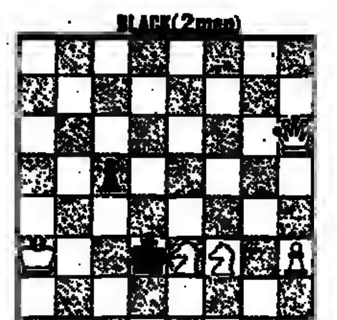
WHITE (8men)

I. Kolisch v. L. Paulsen, London 1861. White (to play) has an extra pawn, but biabops of opposite colours are draw-orientated. How did Kolisch break through?

Kolisch was the only grandmaster strength player who became a banker, a millionaire, and a baron. When he won at Paris 1867, it was said he sold the first prize, a valuable Sevres on the property market. Later, backed by the Rothschilds, he was a prominent Vieunese financier and later still an aristocratic chess patron.

PROBLEM No 554

BLACK (2men)



WHITE (5men)

White mates in three moves, against any defence (by H. Rosset). A miniature, but far from easy; balf an bour is an excellent solving time.

THE ARTS

The real Handel

Max Loppert

Reggio nell'Emilia, or Reggio Emilia as it is commonly called, is one of the substantial, prosperous Emilian cities stretching out in a not quite straight line from Bologna towards Milan. It has not the special artistic associations of Parma, nor the richness of historical interest of Bologna (surely the most underrated of great Italian centres), nor the industrial prominence of Modena (not to mention two current hometown heroes of the order of Pavarotti and Mirella Freni). The tourist features—museum, churches, old town centre—can be accomplished in half a day; and the visitor's most abiding memory of the place may well be left by the local food and drink—the ham and sausages, the cheese (parmesan should really be given its proper title of parmigiano-reggiano), the dangerously delicious lambrusco.

My main business in Reggio earlier this week was not to walk, eat, and drink, happy as those occupations proved to be, but to accept the invitation of the Teatro Valli to attend its new production of Handel's *Rinaldo*—an opera suitably based, in part, on Ariosto. Italy has been slow to join the 20th-century rediscovery of one of opera's greatest geniuses (and one whose operatic career compassed early triumphs in that land). Now the process has begun. This centenary production, apparently the first Italian *Rinaldo* in modern times, is scheduled to tour the region before going to the Theatre Musical de Paris (the Chaltelet), its co-sponsor. It was an event that aroused great anticipatory excitement and then much cheering: both were very largely *justified.*

This was, indeed, one of the few Handel productions of my own experience to operate on a theatrical scale that was, if not exactly faithful to the conventions of the form and the period, then at least appropriate thereto. With *Rinaldo* (1711) Handel effected his triumphant entry onto the London operatic scene. It is perhaps the most *extravagantly enjoyable* Italian opera in the Handelian canon — every component part, vocal, instrumental, and scenic, is offered its chance to shine. In the *Rinoldo* stagings by our own Handel Opera, the scenic demands have usually been, of necessity, shirked even when the musical ones were better attended to. Here, in a production directed and designed by Pier Luigi Pizzi, one had at least the sense of all theatrical aspects being considered together in the search for a modern audience's pleasure.

Pizzi's stage method, as we know from his Bellini *Capulets and Montagues* at Covent Garden, is to explore new ways of invoking period stage architecture. Here, a magnificent three-sided baroque facade with portals, its front face capable of splendid progressions back and forward, is lit in a way to create 18th-century perspectives that are both beautiful and practicable. His placing of the principals is more controversial: each stands on plinths which are moved around by black-clad stage staff, the singer's multi-coloured trailing cloak lending the stage-management some degree of concealment and the drama much incidental atmosphere. In the great battle scenes, the cast sit atop huge stone horses similarly moved about;

The intention was obviously to create an impression of noble statues come to life. As a theatrical spectacle this proved marvellously successful (even if one's awareness of supers scurrying about at ground level did not diminish throughout the evening). As a response to the intense vitality and brilliance of all Handel's characters—not just the sorceress Armida and the alto castrato hero, but the others as well—it is open to the criticism of tacitly falling in with common prejudices about *opera seria* personages. But, in fact, once the stage vocabulary had become familiar one could appreciate the degree of freedom it allowed the dramatic and musical abilities of a well-chosen international cast; this was a performance that, for all its panoply of stage effects, struck home in the real, wonderful Handel way.

Cynthia Clarey as Rinaldo

In the title role the American year's *Poppea Octavia* at Glyndebourne) added another name to the lists of expert female exponents of the Handel castrato role. The voice is agile, firm, the presence sharply profiled (less so, perhaps, in amorous moods than in martial). James Bowman, as the Christian general Goffredo, was in fine form.

To my ears the two leading sopranos, also American, supplied slightly too little vocal contrast: *Elizabeth Pruett's* Armida, though striking, and assured of style, owned a soft-grained quality of timbre apter to the heroine Almirena than to the glittering sorceress. Of the Almirena, however, there could be no complaint: Benita Valente's considerable transatlantic reputation was fully borne out in a succession of exquisitely pure arias, "Lascia's ch'io planga" not least among them. The young baritone, Simone Alaimo, the sole Italian principal, was perhaps the most exciting performer on stage.

The conductor was Charles Farncombe, who must have more Handel operas, and more *Rinaldos*, under his belt than any other alive. It was one of his best Handelian readings, well-varied of pace and rhythm, never jogtrot-mechanical, and (by so obviously inexperienced orchestra) enthusiastically played. The edition, based on the 1711 score rather than on Handel's later revivals, borrowed an unpublished aria for Goffredo that proved an undesirable extra, but otherwise gave no grounds for complaint. The Handel year will go on very well if it throws up other opera performances as thoroughly worthwhile, and thoroughly enjoyable, as this.

Antony Thorncroft on London's orchestras

A wonder under threat

It has been one of the wonders of the musical world that London should sustain four orchestras of international repute—the London Philharmonic, the London Symphony, the Royal Philharmonic, and the Philharmonia.

For some reason this abundance of musical riches has attracted the hostility of the Arts Council. At one time the council was keen to kill off an orchestra by putting most of its aid behind a new "super" orchestra; more recently it suggested the creation of a major orchestra in the east of England which it would fund generously, a proposal which has stalled. Now it seems anxious to shed an orchestra by reducing subsidy.

A report produced in the autumn for the Council by Mr Neil Duncan (which was not published) is believed to have come down on the side of the orchestras—there should be no cuts in grant; no sacrificial victim; in fact no changes at all until 1986 when the abolition of the Greater London Council hands over to the Arts Council the running of London's South Bank and its concert halls. Then all four orchestras should be directly funded, an improvement on the current cumbersome arrangement whereby the London Orchestral Concerts Board, funded jointly by the Arts Council and the GLC, subsidises the orchestras for their main London engagements.

The council disregarded Duncan and has cut the orchestras' 1985-86 subsidy by £280,000. At first glance this is a tiny sum — for the RPO it means around £65,000 less on a turnover of £3.5m — but the money goes to reduce the losses on the vital Festival Hall concerts which are essential for an orchestra's reputation. It also represents a 28 per cent reduction in grant. The impact has been far-reaching.

For a start the orchestras heard the news after much of their 1985-86 programme had been arranged. They will have to cancel concerts at the Festival Hall — perhaps around 30 in all — and stand to lose £2,000 a concert in cancellation fees. Secondly they are certain to reduce the experimental and innovative content of their concerts, even more, concentrating on popular audience attractions like Chaikovsky and Beethoven. Already the RPO has cancelled Janacek's Glagolitic Mass, which would cost it about £13,000 to perform. By reducing subsidy the council is creating the very London musical scene which it criticises — too many routine, safe concerts.

Perhaps, most ominously, the lower subsidy is an indication of a bleak future. Last month the orchestras were told that the council expects them to eliminate their deficits within three years. To attract generous grants they will have to devise interesting programmes but they know that such adventurous planning usually means smaller audiences and less ticket revenue.

By coincidence this sniping by the Arts Council comes at a time when the orchestras are experiencing quite prosperous seasons, mainly because they had the foresight to plan more popular programmes. They still lose on average around £5,000 every time they perform at the Festival Hall but at present there are enough commercial sponsors to make good the deficits and audiences are up.

The LSO, for example, was attracting 83 per cent audiences to its Barbican concerts between September and the end of 1984, and January has averaged 73 per cent despite the weather. It will make a profit of about £50,000 this financial year on a turnover of more than £3m.

It still faces big problems, notably an overdraft of £400,000. It is also the main victim of the council's cutbacks, not only because its grant is cut by £100,000 but because the City of London traditionally matches the Arts Council's grant to the LSO and it has not yet decided what to do, faced with the cash reduction of its partner. It is reluctant to make good the shortfall because it would establish a bad precedent. So the LSO has still not signed a five-year contract with its landlord for the year starting in April.

Nevertheless the LSO is pushing ahead with an ambitious Mahler festival in March, though it will be hard to recoup the cost of over £300,000. Sponsors are rallying around, and such ventures are good for prestige and keep the players interested. However, the LSO's immediate future is similar to its rivals—a more energetic search for sponsors; a safe, regular repertoire; selling its musical skills for film music, recordings and sponsored tours.

The RPO is also gambling on an important event, the André Previn/RPO International Music Festival, to be held on the South Bank in June. It will cost the orchestra £350,000 to mount but it will launch its new conductor and has already attracted £100,000 in sponsorship from Bankers Trust. The RPO has been successful in building up a range of sponsors, and expects to receive £500,000 all told this year.

It is already reaping a financial benefit from employing Previn—it has completed one television series with him and more work is to come. Still it has cancelled half a dozen of its RFH concerts because of the Arts Council cut and it is considering dropping the performance of the violin concerto it has commissioned from Peter Maxwell-Davies. That would indeed be a pointed move since the Arts Council contributed £5,000 towards the commission.

In audience terms the most successful London orchestra in recent years has been the Philharmonia. This is because its three-year sponsorship by Du Maurier (at £300,000 a year) enabled it to build up a large subscription list, 3,000 strong. Now it will be forced to reduce advertising because of the Arts Council cuts, as well as give up some Festival Hall appearances.

The orchestras must make some challenging decisions in the next few months. Their reputation, so important for profitable recording work, rests on their success in devising interesting programmes—a Mahler festival (LSO), one devoted to modern French music (Philharmonia), American music (RPO)—but these lose money and are only possible with the help of sponsors, or Arts Council cash.

The orchestras are not completely negative in their attitudes towards the council. They like the idea of direct funding and welcome the prospect of repeating their London concerts in the regions, provided the subsidy is forthcoming, but recent events have shocked them and stalled their plans. There is also a question mark over what the GLC may offer for the coming financial year—nothing has yet been announced. Still all is not gloom. The LPO is about to tour Australia; the Philharmonia is bound for Japan; the RPO will be in the U.S. this month, to be followed in the summer by the LSO. They will welcome a temporary escape from their London worries.

Much to be gained by not shutting out human voices

RADIO

B. A. YOUNG

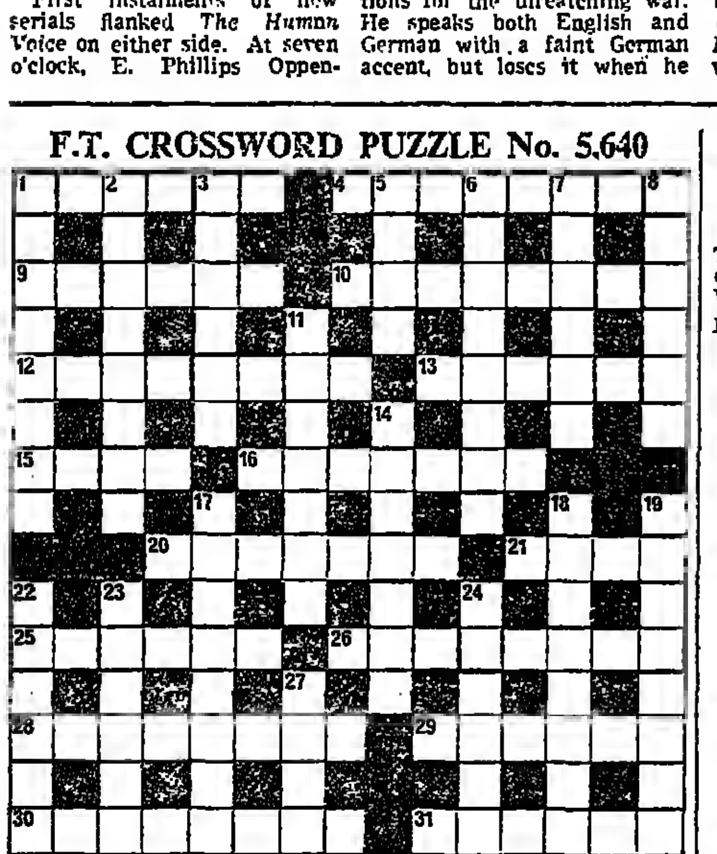
You Can't Shut Out the Human Voice (Radio 4, Sunday evening) is an hour-long anthology of poems and letters by writers living under the shadow of political censorship and worse. I went to the recording last year, and reviewed it when, with a less starry cast, it came to the Cheltenham Literary Festival. Read by Peggy Ashcroft, Alec McCowen, Gregory de Polnay (who assembled it) and Leo Wringer, it brought pleasure and sorrow together.

First instalments of new serials flanked *The Human Voice* on either side. At seven o'clock, E. Phillips Oppenheim's *The Great Impersonation*: I read this when I was at school and was properly amazed by the final coup de théâtre. Without giving anything away, I can tell you that Sir Everard Dominie (David Robb) is a drunken remittance-man in Tanganyika, where he encounters the German Baron von Lagastein (also David Robb). They were at Eton and Magdalen together, and they are doubles. The Baron proposes to get rid of Sir Everard, go to England in his place, and sabotage any British preparations for the threatening war. He speaks both English and German with a faint German accent, but loses it when he comes to England. Now listen on.

Cousin Basilio, at nine o'clock, is more serious. It is adapted from a novel by Eca de Queiroz, a Portuguese writer of the last century, whose novels tended to get on to the index. *Cousin Basilio* (my encyclopaedia calls it *Nephew Basilio*) is straightforward glamorous romance, so far. Jorge (John Rowe) is to go away for a month on business, leaving his wife Luiza (Moir Leslie) alone. Within a fortnight she is visited by Basilio, home from ten years' money-making in Brazil and looking for a good time in the naughty Lisbon society. Once he was engaged to Luiza; now he wants only to have her as a conquest. Not much view of the rich Lisbon life of the 1980s yet, but it promises well, is decently played and well directed by Vanessa Whitburn. Stay with this one.

This has been a great nostalgia week. I enjoyed nothing so much as Capital's Sunday night programme, The *Birth of Jazz*. Brian Rust played a dazzling selection of records, that began with the Original Dixieland Jazz Band's "Dixieland Onestep," and gave a knowledgeable account of the progress of jazz, growing less dependent on *contrapunto alla mente* and more on arrangement, until in the 1940s, to remind us how it ought to sound, we heard Bunk Johnson and Kid Ory in electrical recordings of the kind of sounds they must have been making 30 years before. An early star was Jimmy Durante (himself, at the piano) in "Aunt Hagar's Children Blues." More jazz on Capital for the next three Sundays.

F.T. CROSSWORD PUZZLE No. 5,640



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

....

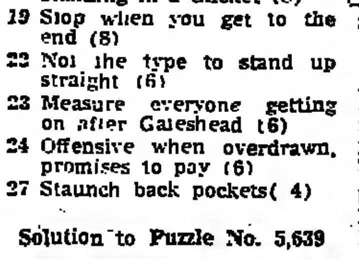
ACROSS

1 Indian father is in pain (6)
4 Rocky soil—a rum place to sunbathe! (8)
9 Raw recruit that is hiding behind the castle (6)
10 Realise there's 50% discount too much (8)
12 Coming to call everyone in (8)
13 Coarse rider goes round making jokes (6)
15 Impertinent jerk (4)
16 Blab about the Spanish clergyman (7)
20 Key man working in a pit, perhaps? (7)
21 Manage to catch the egg-head (4)
25 The "Jazz Queen" is a vessel (6)
25 Swinger responsible for people having good time? (8)
28 Sticky sweet? (8)
29 Get mug with nothing in against a voucher (6)
30 Contrary talk (8)
31 Judge fools skinhead (6)

DOWN

1 Ventilate boats and planes (8)
2 A coir mat, shaken, having a distinctive smell (8)
3 High place attained by Holy head rowing crew (6)
5 Fall to ...
6 Bill the clergyman is meticulous (8)
7 Coin in aperture (6)
8 Gloomy Dr Pink (6)
11 Competitor raced into tent, drunk (7)
14 Has new toboggan outside which is drastically reduced (7)
17 If returning, stay home (8)
16 Failure to see everybody standing in a thicket (8)
19 Stop when you get to the end (8)
22 Not the type to stand up straight (6)
23 Measure everyone getting on after Gateshead (6)
24 Offensive when overdrawn, promises to pay (6)
27 Staunch back pockets (4)

Solution to Puzzle No. 5,639



BBC 1

† Indicates programme in black and white

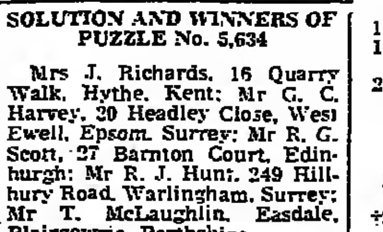
8.30 am The Perishers. 8.35 The Littlest Hobo. 9.00 Saturday Superstore. 12.12 pm Weather.

12.15 Grandstand, with Desmond Lynam, including 12.50 News Summary; Football Focus with Bob Wilson; Ski-ing—World Championships from Italy; Racing from Newbury at 1.30, 2.00 and 2.40; Athletics — Peugot-Talbot Games from RAF Cosford—Great Britain v West Germany and the Indoor European Championships from Greece; Bowls — Embassy World Indoor Championship; Ice Skating—European Championships from Gothenburg, Sweden, featuring Karen Barber and Nicky Slater in their free dance; Rugby League — Leeds v Widnes in the first round of the Silk Cut Challenge Cup from Leeds; Final Score—Classified results.
5.05 News.
5.15 Regional programmes.
5.20 Doctor Who.
6.05 Jim'll Fix It.
6.40 The Little and Large Show.
7.15 One By One.
8.05 Dynasty.
8.50 Bergerac
9.45 News and Sport.
10.00 Match Of The Day.
10.50 "One-Eyed Jacks," starring Marlon Brando.

REGIONAL VARIATIONS:
Wales—8.30-9.00 am Rugby Union: Try, Try Again. 5.15-5.20 pm Sports News Wales. 1.05-1.10 am News of Wales Headlines.
Scotland—5.15-5.20 pm Scoreboard with Dougie Donnelly. 10.00-10.50 Sportscene.
Northern Ireland—4.55-5.05 pm Northern Ireland Results (opt-out from "Grandstand"). 5.15-5.20 Northern Ireland News. 1.05-1.10 am Northern Ireland News Headlines.
England—5.15-5.20 pm London—Sport; South-West (Plymouth)—Spotlight Sport and News: All Other English Regions—Sport and Regional News.

SOLUTION AND WINNERS OF PUZZLE No. 5,634

Mrs J. Richards, 16 Quarry Walk, Hythe, Kent; Mr G. C. Harvey, 20 Headley Close, West Ewell, Epsom, Surrey; Mr R. G. Scott, 27 Barnton Court, Edinburgh; Mr R. J. Hunt, 249 Hillbury Road, Warlingham, Surrey; Mr T. McLaughlin, Easdale, Blairgowrie, Perthshire.



BBC 2

6.25 am-3.10 pm Open University.
3.30 Micro Live.
†4.20 Saturday Cinema Double: "The Hounds of Zaroff," starring Joel McCrea, Fay Wray, Leslie Banks and at 5.20 "Stagecoach," starring Ann-Margret, Red Buttons and Bing Crosby.
7.10 News and Sport.
7.25 A Vous La France!
7.50 Rugby Special. Highlights of today's Welsh club match — Neath v Swansea from The Gnoll.
8.40 "Beyond Sorrow, Beyond Pain" (Swedish film with English sub-titles).
10.00 Blott On The Landscape.
10.50 World Bowls (Highlights from the second semi-final in the Embassy World Indoor Bowls Championship).
11.40-12.15 am World Ski-ing Championships (Highlights of the Ladies' Slalom from Bormio, Italy)

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Cartoon Time. 9.35 Scooby Scrappy and Yabba Doo. 10.00 No 73. 11.20 Space 1999.
12.15 pm World of Sport: 12.20 Ski-ing — World Alpine Championships from Bormio, Italy; 12.45 News; 12.50 On The Ball; 1.15 Racing from Ayr (introduced by Derek Thompson); 1.30 Athletics—The Los Angeles Times Games from California; 1.45 Racing from Ayr; 2.05 Darts—The Greene King World Challenge—England v The World; 2.20 Racing from Ayr; 2.35 Skating from Gothenburg; 3.10 Darts. 3.45 Half-time Soccer Round-Up; 4.00 Wrestling; 4.45 Results.
5.00 News and Sport.
5.05 Blockbusters.
5.35 The A-Team.
6.30 The Fame Game.
7.15 All Star Secrets.
7.45 T. J. Hooker.
8.45 The Price Is Right.
9.45 News and Sport.
10.00 Aspel and Company.
10.50 London News Headlines followed by Auf Wiedersehen, Pet.
11.50 Magnum.
12.45 am Bizarre.
1.10 New From London: H2O.
2.10 Night Thoughts with Monsignor John Crowley.

CHANNEL 4

1.05 pm Everybody Here.
1.30 The Making Of Britain.
†2.00 "Hudson's Bay," starring Paul Muni, Vincent Price and Gene Tierney.
†3.45 "The Gracie Allen Murder Case."
5.05 Brookside.
6.00 The Other Side Of The Tracks.
7.00 News Summary followed by Seven Days.
7.30 Shape Of The World: The Communist Spectre. In this final programme, U.S. Defence Secretary Caspar Weinberger and Shadow Foreign Secretary Denis Healey, join a ... of communism today.
8.15 "As The Years Pass, As The Days Pass" (with English subtitles).
9.25 Honegger; De Falla and Antheil.
10.00 Hill Street Blues.
11.00 Talking Heads.

S4C WALES
2.00 pm A Question of Economics (What's Happened to Inflation?). 2.30 A Week in Politics. †3.15 The British at War. 5.10 The Decade of Destruction. 6.05 Where In The World? 6.35 The Avengers. 7.30 Newyddion. 7.45 Sion a Sian. 8.15 Wedi Wyth. 8.45 Taro Tant. 9.25 Y Maes Chwarae. 10.20 Julia) †11.20 Feature Film: "The Roaring Twenties" starring James Cagney and Humphrey Bogart.

ANGLIA
11.20 am Battlestar Galactica. 11.50 pm Jazz Special Koinonia, Part 1. A look at the background and music of the band Koinonia. 12.20 am At The End of the Day.

BORDER
11.20 am Chips. 5.05 pm Cartoon Alphabet. 11.50 Shelley.

CENTRAL
9.25 am Adventures of the Blue Knight. 11.20 Chips. 5.05 pm Cartoon Alphabet. 11.50 Shelley.

CHANNEL
9.57 am Puffin's Pla(i)ce. 11.20 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 pm Puffin's Pla(i)ce. 5.10 Cartoon Alphabet. 11.50 Live from London.

GRAMPIAN
11.20 am The Fall Guy. 11.50 Teachers Quiz. 12.20 am Reflections.

GRANADA
11.20 am The Fall Guy. 5.05 pm Diff'rent Strokes. 11.50 The Saturday Film: George Kennedy in "The Human Factor."

HTV
11.20 am The Little House on the Prairie. 12.13 pm HTV News. 5.05 Cartoon Alphabet. 11.50 Jazz Special: Charlie Byrd, jazz guitarist.

SCOTTISH
11.20 am Battlestar Galactica. 11.50 pm Late Call. 11.55 Portrait of a Legend: Brenda Lee.

TSW
9.57 am Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 Cartoon Alphabet. 11.50 Live from London: Belle Stars. 12.45 am Postscript.

TVS
9.25 am Speedy Gonzales. 11.20 The Green Hornet. 11.45 Birdman and Galaxy Trio. 12.12 pm TVS Weather. 11.50 Jazz: Steps Ahead in Copenhagen. 12.20 am Company.

TYNE TEES
9.25 am Morning Glory. 9.55 Young Lookaround. 11.20 Captain Scarlet and the Mysterons. 11.50 Batman. 12.13 pm North-East News. 5.05 North-East News. 5.07 Cartoon Alphabet. 11.50 The Timeless Land. 12.50 am Post's Corner.

ULSTER
11.20 am Fireball X-L 5. 11.45 The Jacksons. 12.43 pm Lunchtime News. 4.55 Ulster Sports Results. 5.03 Ulster News. 5.05 Lakeland Games. 9.57 Ulster News. 11.50 Guess Who's Coming To Dinner? 12.15 am News At Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Porky Pig. 11.20 Battlestar Galactica. 5.05 pm Cartoon Alphabet. 11.50 The Master.

BBC RADIO 1
(S)—also VHF Stereo
10.00 am Dave Lee Travis. 1.00 pm Funk to Present (S). 2.00 Paul Gambaccini with America's hits (S). 4.00 Saturday Live (S). 6.30 In Concert (S). 7.30 Phil Kennedy. 9.30-12.00 Dixie Peach.

BBC RADIO 2
8.05 David Jacobs (S). 10.00 Sounds of The 60s (S). 11.00 Album Time (S). 1.00 pm The Impressionists. 1.30 Sport On 2: Football Preview; Racing from Newbury ... 5.55 Pools news and football results.
7.30 Ron Goodwin, concert of film themes and popular music, direct from the Orchard Theatre, Dartford, including looks at music in the cinema. 8.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls introduced by Dave Gelly (S). 1.00 Peter Dickson presents Nightride (S). 3.00-4.00 Wally Whyton introduces Country Concert (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.10 BBC Symphony Orchestra (S) (12.00 interval Reading). 1.00 pm News. 1.05 Schubert and Brahms: piano recital by Steven De Groote (S). 2.00 Verdi's Operas: "Aida." Maria Callas sings the title role in this performance on mono records (sung in Italian), including 3.25-3.30 Julian Budden talking about the opera. 4.45 Frans Bruggen. Jean-Fery Rebel's Suite in G minor, arr. Bruggen and played on solo recorder (S). 5.00 Jazz Record Requests with Peter Clayton (S). 5.45 Critics' Forum. 6.35 Chilingirian String Quartet, Part 1 (S). 7.20 Black English Literature. Prabhu S. Guptara compares the experiences of two generations of Commonwealth writers in Britain. 7.40 Chilingirian Quartet, Part 2 (S). 8.25 The Idea Behind the Music. Alexander Goehr talks about the music of Schoenberg. 8.45 BBC Philharmonic Orchestra: Bruckner's 7th Symphony (S). 9.45 The Troubador Tradition (S). 10.30 Scar (story by Richard Walker). 11.00 Norway After Grieg (S). 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday In Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week In Westminster. 10.30 Pick Of The Week (S). 11.30 From Our Own Correspondent. 12.00 News: Money Box (financial matters with Louise Botting). 12.27 pm Blandings. 12.55 Weather. 1.00 News. 1.10 Any Questions? from Aston Clinton, near Aylesbury. 1.55 Shipping Forecast. 2.00 News: The Afternoon Play (S). 3.00 News: A Lexicon Of Laughter with Richard Anthony Baker (S). 3.30 Meheru (S). 4.15 Focus. 4.45 A Sideways Look At ... by Anthony Smith. 5.00 Wildlife (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop The Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.45 The Heavy Hood Game—Phil Smith joins in an ancient calendar custom. 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 The Wow Show presents "Wither Internationalism." (S). 12.00-12.15 am News.

BBC RADIO LONDON
7.32 am Good Fishing. 8.04 London Weekend. 8.30 The Magic Carpet Company. 9.03 Inside London with David Edwards. 9.30 Corridors of Power. 10.02 All That Jazz with Brian Priestley. 11.30 Jeff Young's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 5.00 Gondoline. 6.30 Big City. 7.30 Hold the Front Page. 8.00 Eastern Ear. 8.30 Good Fishing. 9.00 As Radio 1. 12.00-4.00 am As Radio 2.

CHESS SOLUTIONS

Solution to Position No 554

1 BxP! KxB; 2 P-R5, K-K2 (if BxP; 3 KxP and P-B7); 3 P-N6, BxP (if PxP; 4 P-R6, B-N1; 5 P-B7, BxP; 6 P-R7 and queens); 4 PxB, PxP; 5 K-B4, K-Q1; 6 P-Q5; K-B2, 7 K-N5 and Black resigned.

Solution to Problem No 554

1 N-Q1. If 1 ... K-K5; 2 Q-N6 ch, KxN (or K-Q4; 3 N-K3); 3 Q-N4. If 1 ... K-B5; 2 Q-R6 ch, K-Q4; 3 N-B3. If 1 ... K-Q4; 2 Q-N4 ch, KxN; 3 Q-Q2. If 1 ... K-B7 ...

Gerald Cadogan on archaeology

Thieves in the night who pilfer our past

AS AN archaeologist, I am made nervous by the windows of dealers in antiquities and the sale catalogues for them. There is always the pleasurable chance of coming upnn something thet has not been recognised properly for what it is; but that is minor compared with the foreboding that I shall see something that has been removed illicitly from a aite or region I know nr, worse, from a place where colleagues—or I, myself—have been working.

Sometimes, the object might have been a long time in a private collection, but chances are it ia much more likely to have been wrenched from wbere lt belongs in the past year or two.

The next worry for me is the price suggested in the catalogue or murmured by the dealer. What do we pay the workmen? The going agricultural rate. How many days' wages would be represented by £500 or £5,000 for the jng in the window? The equations are frightening.

Why, then, do illicit antiquities seem wrong? First, there are loss of context and damage to heritage—which merge, aince loss of context implies damage to heritage.

With illlcit antiquities, the context—which is so much of what we want to know—bas been lost for ever. Though the objects survive, we do not know wbere tbey are from, bow they lay originally, or what was with tbem. Where on tbe body was the jewellery? Was the body male or female? The tomb robbers, working fast by acetylene lamps, keep no notes.

Amphorae raised by scuba divers from the sea bottom are another instance. Amateurs question resentfully their being forbidden to remove such artefacta, arguing that each one la of little monetary value and there are masses of them.

So why the fuss? Because we are losing all the information about the wreck in which they once were: Where the ship had been, what it was carrylng, wbere it was going, and wben.

Loss of beritage is suffered by the region and country to wbich the objects belonged, and arises from both the loss of the context end the actual loss of the objects. The evidence, or rather the presence of the past sround us, ia as fragile a part of the environment as any. Man, decay and disasters all destroy it; but we need it properly to understand places and their development.

In Britain, these are familiar arguments, if put differently, with churches, country houses or Victorian architecture. We even have stretched the term "heritage" — I am not sure altogether fairly — to include objects not made bere, such as Italian Old Master drawings that have resided ln our country houses for a few centuries, and so are deemed to he part of our culture.

These forelgn objects bave been naturalised and must not continue thelr wanderings, bowever bad tbe bills for the roof and CTT for the owners of the country houses, and however difficult for our museums to raise the money to buy them.

It ls a lncky and luxurious attitude, perhaps e blt spoilt. We have so little here of the removable early native heirtage owned by Italy, Greece, Cyprus and Turkey in the Mediterranean, or so many countries in the Middle and Far East, or nations such as Peru, Ecuador, Mexico and Guatamala in the Americas. The pieces on sale in Geneva, London and New York that excite the collectors hsve come so often from robbing the cultural patrimony of the places to which they belong.

Understanding this, and making the effort to imagine what the countries losing antiquities might be thinking, means we really can help. There are beginnings. Many museums now accept only objects that have a proper pedigree showing they were exported with a permit or, more likely, have been in collections a very long time.

The U.S. Customs Service has been zealoua for some time, and in 1983 the U.S. became the 51st country to accept the 1970 UNESCO Convention on Cultural Property covering archaeological or ethnological property of sovereign states (Britain, West Germany and Switzerland — an interesting trio, in view of their liking fur antiquities — have not yet algned.

There also is much infurmal co-operation between museums, embassies, departments of antiquities, police forces and Interpol.

It ia a grey area of ironies and casuistry. Objects are known to be "around" for a time and eventually "surface." A few things are saved from destruction, and a very few are bought to be returned to the country which lost them. But it is a very long haul to change attitudes, which is the only way.

People often ask me if I want to bring back and keep what I find when digging abroad. The answer is no; nor do I know of any archaeologists working in the field in the Mediterranean who are systematic collectors of antiquities.

We are not belng prigs; it just does not seem relevant. We are lucky to be allowed to dig in the countries we have come to love and they are where the finds belong.

But finds do travel, even from regular excavations. The worst recent cases occurred after the invasion of northern Cyprus by Turkey in 1974, when there was widespread plundering.

The most bizarre incident was the gift by the authorities in northern Cyprus to the University of Virginia of 20 vases, two of which had the excavation numbers of the Harvard/Boston Museum of Fine Arts excavation near Morphou of the early 1970s. Eventually, the university (founded by Thomas Jefferson, the first American to do a scientific excavation — nf an Indian burisl on the banks of the Potomac) returned 18 to northern Cyprus and the numbered pair to the Cypriot Embassy.

It is a sad story, mede worse hy war. There are other stories, equally sad and bad, from Central America or even Thailand, where the discovery and circulation on the art market in the late 1960s of elaborate and early vases meant that only a small part of the type-site nf Ban Chiang was unplundered when archaeologists begao ln 1974.

A notable victim of looters . . . King Tutankhamen, whose tomb in Egypt wase plundered twice after his death.

Antony Thorncroft reports on an art auction for the very rich

Van Gogh bids for $10m record

IF YOU WANT to price the most expensive picture up for sale in 1985, pop along to the Royal Academy this weekend. There, for free, you can view a large landscape by Van Gogh, *Paysoge ou Soleil Levant*, painted in 1889 when he was in an asylum at St Remy. On April 24 lt goes under the hammer at Sotheby's in New York and could fetch $10m.

Such figures are fairly meaningless in a period of fluctuating exchange rates and inflation, aod Sotheby'a is busily talking down the likely price lo nearer $7.5m to save disappointment; hut the work should certainly exceed the previous highest price paid for a Van Gogh at auction of $5.7m And tbe 50 pictures in the Florence J. Gould collection of Impressionist art should establish a record for a singla auction session and bring in more than $25m.

Forty-twn paintings and elght drawings, the cream of the collection, are briefly on view in London as part of a world-wide publicity tour whlch is costing Sotheby's around $100,000.

The sale of the paintings of Florence Gould is the major event of the auction house year and, in its detailed presentation when pitching for the assignment, Sotheby's made much of its marketing programme. It believes tbat this, rather than its financial terms, persuaded Mrs Gould's executors to place the pictures with the company.

The competition between Sotheby's and Christies for the Gould treasures probably was the fiercest battle yet between twn traditionelly - enthusiastic rivals. Mrs Gould died, aged 87, in 1983. She was the queen of the French Riviera, using the money accumulated by a couple of judicious marriages to enjoy the role of patron of the arts.

Her chief protegees were writers, like Cocteau end Gide, hut in 1963 she started to buy impressionist pictures and, helped by the advice of dealer Daniel Wildenstein, built up a major collection.

Ooe of ther friends in the sooth of France was Peter Wilson, the retired chairman of Sotheby's, and it was a great shock to tbe fine art world when Christies was given tbe task of disposing of Mrs Gould's jewels, which it did to the tune of £5.7m. Then, Sotheby's was handed the furniture.

There was a long wait wbile the executors decided wbich auction house to entrust with the major prize, the pictures. Christies might well have captured the jewels by offering a belter financial deal. For the pictures the salerooms probably waived most, if not all, of the vendor's commission, relying for lheir return on lbe 10 per cent buyer's premium—a tldy sum if the first session alone tops $25m. (Although there have been rumours of both salerooms offering to split even the buyer's commissioo wlth the vendor to secure a major collection, tbis, bas probably not happened yet.)

David Nash, head of Impressionist pictures at Sotheby's New York, believes he got the assignment finally because of bis detailed marketing plan, and hecause Sotbeby's traditionally bas handled most of the major Impressionist sales. Although for a picture like the Van Gogh there are nol more than half a dozen likely buyers—headed by Baroo Thyssen, Norton Simon and the Getty and Forth Worth museums—there is always the possibility of one of the otber pictures catching someone'a eye on its global tour.

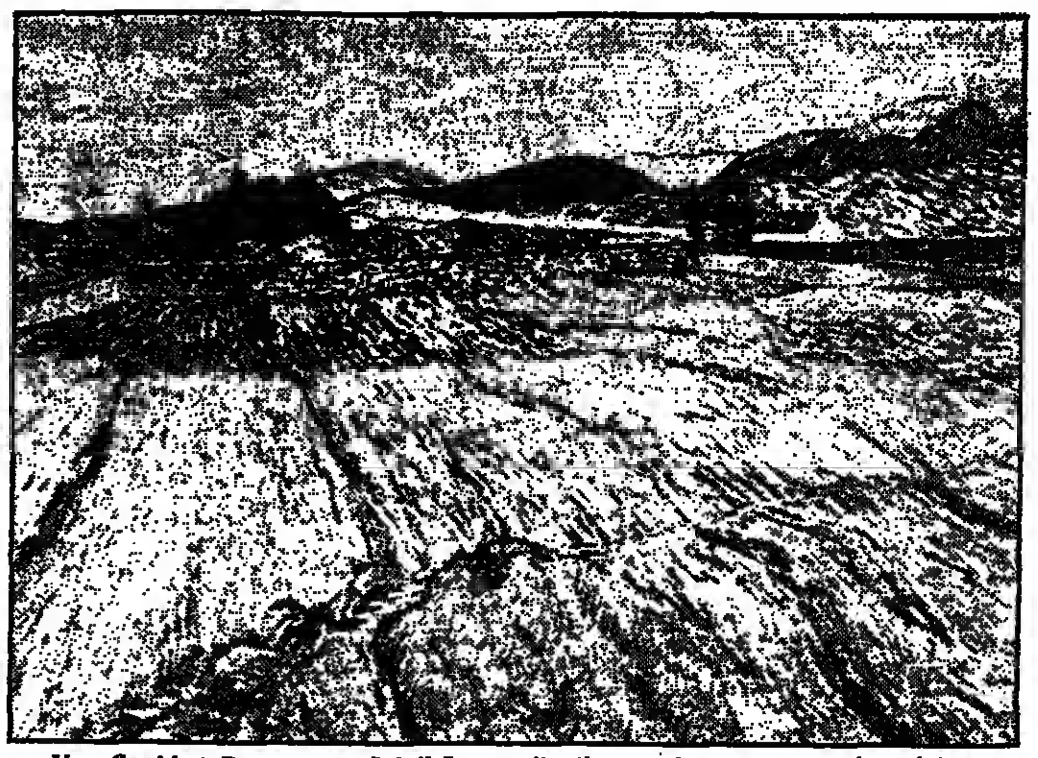
On an earlier exercise, a Picasso on view in the Seibu department store in Japan was spotted by a Tokyo museum wrose trustees, decided on tbe spot lo bld up to $3m for lt, almost twice lts estimate. Even in London, the exercise could be more tban just PR—the pictures are pretty and accessible, just the kind of thing with wbich rich Arabs like to decorate thelr Home County mansions.

Nash recalls that at bis last major Impressionist sale in New York, eround $5m worth of pictures were marked down to hlds from the UK, but not to British buyers.

The April 24 sale will be watched witb considerable interest. The art market in the U.S. bas boomed on the back of the American economy; now there are signs of slight strain.

Nash is quick to point out thal his estimates are modest; and that the pictures, having been hought fairly recently, indicate that, as investments, Impresssionist pictures are a secure, but not sensational, haven for money. For example, a Cezanne landscape carrying a top estimate of $1.5m was sold for $310,000 in 1966 — a five-fold appreciation in 18 years which is sound rather lhan startling.

A pretty Manet *Pêches* has dooe potentially betler, selling for £75,000 in 1976 and now being estimated at up to $500,000, as has Cezanne's *La Fontoine*, up from £1,800 in 1959 to a top forecast of $150,000. The Van Gogh was acquired by Wildenstein in 1965 for around $800,000 — from Robert Oppenhelmer, the nuclear physicist.



Van Gogh's "Paysage au Soleil Levant"—the year's most expensive picture

Edmund Penning-Rowsell on High Street wines

Sainsbury's spreads its wings

FOR SOME time now, Sainsbury's has extended its wine list from those for everyday drinking to vintage wines; and if the range is not comparable to those of traditional stock-holding merchants—for the good reason that they cannot afford to hold stock long—it certainly is representative.

There are 45 wines on Sainsbury's Vlntage Selection list, and it has even persuaded the original growers or merchants to print the special seal on their cherished estate or bouse labels.

From this llst, more than 30 were open for inspection at a special tasting recently, and following are some recommendations and comments on e selection.

WHITE WINES

Lugana San Benedetto 1984 (£3.45). Grown on the Lombardy-Veneto border at the foot of Lake Garda, Lugana can be one of Italy'a better white wines. This has full flavour, not a lot of aroma, but an interesting individuality.

Chablis 1983 Premier Cru (£4.75). Which of the 10 or so Chablia premiers crus will depend on availability. This one was Fourchaume and had the true, dry flavour of good Chablis. Was there a whiff of sulphur?

St Véran, Domaine Mondange 1983 (£3.45). This close relative of Pouily-Fruissé often can be rather dumb and dull, but thls one bas a very clean, fresh bouquet and a real Chardonnay grape character. Good value, too.

Meursault Clos de la Barre 1981 (£7.45). Has a very oaky nose, and the true, full-bodied Meursault taste; good value for white burgundy these days.

Corton Charlemagne 1982 (£13.95). Unusually pale in colour, this rather lacks bouquet, and haa a closed-up taste. For the appellation it is not expensive, but will it develop or suffer from a shortage of acidlty?

Riesling Réserve Personnelle 1979 (£5.75). This Hugel wine exudes a lovely Riesling aroma and flavour, with an attractive slight spritz. An excellent example of a fine Alsace wine at a moderate price for the quality.

Vouvray, Ch. des Bidaudières 1983 (£3.25). With a fruity nose, and well-balanced flavour it really ls medium-dry as described and not, as so often, medium-sweet in taste. An attractive wine.

Ockfener Geisberg Riesling Spätlese 1982 (£3.75). From a not-very-good vintage, this Saar wine from the repntable firm of Gebert is sweetish but crisp, with good acidity.

Coteaux du Layon, Dom. de la Soucherie 1982 (£2.79). A really sweet wine, but with good balance of acidity and, like many Layon wines, excellent value.

RED WINES

Côtes du Rhône, Ch. La Borie 1983 (£2.79). Deep in colour, this is e young wine with e distinct bite but typical and already easy drinking.

Savigny Les Beaune 1979 (£5.25). Very brown in colour, with a soft aroma and flavour, and a somewbat-sugared taste; bnt retains some body in a light vintage for a village wine. For drinking now.

Ch. Mir Fleurs 1982 (£5.45 per magnum). Medium-coloured, this fairly light but stil tannic wine bas the euthentic flavour of resl claret and is for those wbo share tbe common French taste for drinking their red Bordeaux young and gutsy; even in magnums.

Ch. Grand-Puy-Ducasse 1979 (£7.25). This 5th-growth Pauillac has often made disapopinting wine; but this light-coloured claret, with a "classy" Pauillac nose, is very attractive for current drinking.

Les Forts de Latour 1977 (£8.75). If not exactly sows' ears, one cannot expect to make silk purses out of the 1977 claret vintage. Already brown, this has a dlstinctive bouquet; but the flavour in that poor-weather yesr is green ad unripe. But of interest for those wbo would like to taste Ch. Latour's second wine at a fair price.

Rioja, Vina Ardanza 1976 (£3.75). Very brown in colour and very oaky in taste, an attractive, easy-to-drink Rioja at the peak of its life for current drinking.

Quinte da Bacalhoa 1982 (£3.45). Portuguese table wines tend to be tough but thls one, oaky on the nose and palate, is mncb more engaging than most and wonld go well with spicy food.

Too many options for Arsenal?

SOCCER

TREVOR BAILEY

IN LAST Saturday's Arsenal programme, manager Don Howe wrote: "What I'd like is a utility player who can do a good job in a number of positions. That gives you a lot more options as a manager."

Although easy to understand bis wish—for a high-class utility player, like Paul Maddeley used to be for Leeds United, is an enormous asset—it really is the specialists wbo make a side outstanding. It ia those footballers who possess a special talent like scoring goals, or creating opportunities from nothing, or crossing with precision, or providing the middle of the backline with stability, who are vital.

Arsenal, of course, already has been knocked out of the Milk Cup by second-division Oxford, and the F.A. Cup by third-division York. And watching the Gunners lest Saturday as they struggled to beat a limited, though fit and enthusiastic, Coventry, I gained the impression that Howe, nnlike most managers, might already have rather loo many options.

At Highbury, he has one of the biggest high-quality squads in the country; certainly, one of the most expensive. But, with more than half the season gone, he does not eppear to have made up his mind about either hia strongest side, or his most effective combination.

After the York disaster, be dropped Woodcock and Nicholas, who each fall into the £500,000-plus category, for the League match against the Midlanders. This was an intriguing decision because both depend so mnch on the supply provided by their colleagues.

Woodcock, especially, spends much of his time running off the ball. If it fails to arrive or, worse, arrives at the wrong moment, it is not only disheartening but makes him ineffective.

For the first half the Gunners used what might be described as a fluid 4-4-2, with Meade and Mariner up front; a mobile, rather obvious midfield quartet in which Allinson operated on the left flank while Robson, restored to the right-hand side, looked far better than the newly-acquired Williams, who has yet to settle down; and a back four inclined to panic under pressure.

They won the match after Nicholas hed been brought on as substitute and, playing just behind the two lead forwards, introduced some new ideas and individual skill to the scene.

In style, Nicholas is not dissimilar to a young Dalglelsh but he has never been as effective as expected at Highbury. Could this be becanse he has lacked one strong centre-forward off whom to feed? For elthough playing behind two front-runners can work, it often leads to bunching.

Arsenal is near the top of the table and, therefore, theoretically, still in contention for the League championship, but nothing in its win over Coventry suggested that this would be anything more than an unfulfilled dream.

Charlie Nicholas

Thomas chuffs in

SMALL BOYS aged 7 to 107 would be amazed. Hornby Hobbies which made its reputation with models of trains like the Golden Arrow has brought out a locomotive with the unlikely name of Thomas the Tank Engine.

Thomas, and hia frienda Percy the Saddle Tank Engine and carriages Anne and Clarabel are Hornby's attempt to profit from the popularity of a series of children's television programmes, based on books by the Rev T. Awdry.

Thomas and company will run on the same 00-gauge tracks as Hornby's classic models. While dads and grandads may not like like it, Hornby is convinced that today's youngsters will. After a launch at the annual toy fairs at Harrogate and et Earl's Court, Keith Ness, managing director, said: "The results so far are unbelievable."

Thomas the Tank Engine is the latest in a line of new toys introduced by Hornby in the last two years, in response to plummeting sales in its traditional model trains.

While the company's grey-haired fans had stayed loyal, younger enthusiasts had gone for electronic games instead. Having survived the collapse of Dunbee Combex Marx in 1980 with the help of City financial backers, in 1982 Hornby was again in trouble.

The company cut staff from over 1,000 to about 300 and began looking around for new toys to win children back.

Along came a "Postman Pat" train-set for toddlers, a Scalextric car in Spiderman livery, and even flower-arranging kits for children. But Hornby's real hit were flower fairies—small dolls which won the National Association of Toy Retailers' prize for the Best New Girls' Toy for 1984.

With the help of the flower fairies, Hornby broke even last year after two years of heavy losses. This year Ness hopes for good profits. He believes that there hes been a swing back to traditional toys, which can only benefit Hornby. And he is sure that it will not just be the children who end up playing with Thomas the Tank Engine.

"It's a super executive toy. I've made a layont for my boys and I show it to friends who come to dinner."

Stefan Wagstyl

Canes for candy and collectors

June Field reads about walking sticks with a difference

LOUIS XIII had a little box in the handle of his cane for his favourite sugar-coated candy, Toulouse-Lautrec concealed the then-forbidden ebsinthe in his "tippling" cane, and Honoré de Balzac kepl a portrait of bis wife tucked into tbe top of his walking stick.

This was in the days when both men and women "wore" canes as an indispensible part of their outfit.

There were canes with purses, glove - holders, haod - warmers (incorporating a little brazier filled with burning charcoal), toilet kits (everything from smelling salts to a tube of moustache wax), and canes witb games, even musical instruments.

Particularly practical were a tailor's ebony measuring cane with eight studded sides for taking four different measures, the French chalk stored inside the ivory handle, and a shoemaker's size-stick with two little fold-away sliding arms to grip the foot.

There were canes that could be broken down and reassembled as seats (a John Thackray filed the first patent in England in 1813); there were canes that doubled as fishing rods (a Canadian version contained electric batteries for heating the ferrule to melt a hole in the ice wide enough to put in the rod); and canes fitted with eel spears, butterfly nets and hunting knives.

And, of course, canes that doubled as weapons, from hludgeons to swordsticks end firearms. Lord Byron carried a sword-cane on his travels to Switzerland, mainly to draw the eye away from his disability. Describing hls arrival, Mary Shelley referred to "the English Milord trailing his swordstick (when) he swaggered into the hotel with the swinging gait that least betrayed his lameness."

The first definitive reference work (and likely to bet he only one, it is so detailed) is Catherioe Dike's Cane Curiosa—From Gun lo Gadget. First published in French, a version in English has just been produced. (£45 in Great Britain, from Cane Curiosa, 11 Connaught Place, London, W2.

American-born Catherin Dike, an avid collector, now living in Switzerland, has catalogued and illustrated nearly 2,000 canes in this impressive, monumental work that no enthusiast can afford to be wthout. It records an astonishing array, whether a basic walking stick or a sophisticated gadet. One extraordinary cane featured has three spring-loaded hooks in the tip; il was made by a thief to snatch women's handbags.

The author warns against fake canes that often have a long brass jube container set into a shorter shaft: "This is easier than carving out a cavity. A cane must feel good to the hand, with no ridge or difference between the handle, the band (or ring), and the shafl." The cane must also be well-balanced.

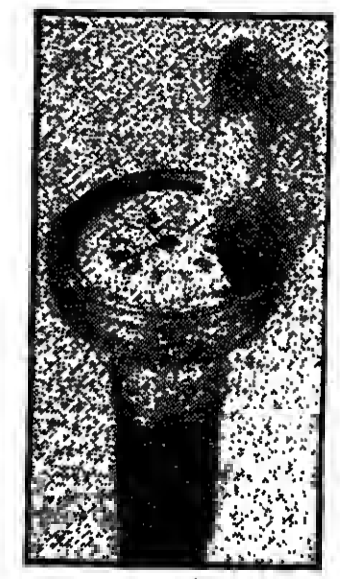
Quality ls important, too. An ivory handle should never have a nickel-plated band; a precious wood should have a silver or gold band, and a fine horn ferrule.

There is a thriving international group of cane collectors and Micheel German, 38h, Kensington Church Street, London, W8, bas customers from Europe, the U.S. and Scandinavia. One buys anything in whalebone, another concentrates on one of a kind. "He is on to anails and slugs now, which is somewhat difficult," admita German.

He adviaes beginners to start with somthing simple such as "everyday" or country canes between £30 and £60, perhaps less, and work up to more elaborate sticks with ivory or silver tops at £150 to £350. Sticks with "system" cases—that is, compartments for food and drinking utensils, smoking accessoriea, pens and pencils and so on—often can be bought for £80 to £100.

Fishing rods and sticks with horses' heads are in a similar bracket, but "watch" sticks and those with magnifying, quizzing or opera glasses, telescopea and so on, are less common and nearer £500.

A rare signed Fabergé stick with s telescope pencil and jewelled handle could be anything up to £2,000 or more, and is the sort of elaborate item more likely to turn up at auction.



Cane Curiosa . . . a watch in a walking stick

Cambridge, where comparisons count

EDUCATION

JONATHAN STEINBERG

I WENT to lunch in the City recently, a risky thing to do at this time of year for an admissions tutor of a Cambridge college.

No sooner had we settled al the table when the subject turned to admissions. Was it true lhat we were biased against the public schools? What was this new system that we had introduced, and, of course, how hard was it to gel in these days?

There ia one aspect of getting into Cambridge which readers of this newspaper will readily undersland. Admissions operate exactly like any specialist market in the City but wilhout jobbers. The sellera and buyers are too numerous to have oversight of the whole market until dealings close at the end of January each year, and the buyers, the coleges, have no control over the number of candidates who put them first nor over the subjects aucb candidates elect to read.

A few trends are obvious. Newnham and New Hall no longer have a choice among all female candidates because men's colleges compete for good female candidates and Girton has itself become co-residential. It is clearly, therefore, easier to get into the women's coleges than it would have been 10 years ago. Other than that, colleges can face very large fluctuations in number and direction of candidates within an overall pool of applicants which has not changed at all.

My college, Trinity Hall, has had lengthy debates in its governing body—we are a very democratic college—on admissions policy. Many other Cambridge colleges have had them too.

Our position is apparently simple: we select the "best" candidates from among those who apply to use. "Best" ls a tricky word and not easy to apply in practice. Is the best candidate one who has very fine qualifications of a narrow kind but no outside interests nor much to contribute to the life of the community?

Fortunately for the 100-plus we admit each year about 80 aelect themselves. It is in general true of Cambridge admissions that to him or her thai hath much shall be given. I recall as nol untypical the young engineer with 11 As at O level, experience with a professional football club as an apprentice, fluent Italian and a delightful personality.

We admit one or two candidates a year lo read music but more than 30 of the noo-musicians will have got Grade 5 or higher on an iostrument (or in some cases two) ln Associated Board examination. Such candidates earn places hy their records, by their performances in public examinations, by reports from school which speak of them aa "the best we have had" and by impressive Interviews.

The admissions committee strains and agonises over the last 20 places. Our system is simply to compare and compare again until all members of the admissions committee feel that Miss X in natural sciences is "better" than Mr Y, the last candidate ln modern languages.

Public schools and direct granl schools now fee-paying, account for 48.7 per cent of successful candidates admitted to Cambridge in 1983, the last year for which full figures have heen published. These schools account for a far higher share of admissioos lhan lheir numbers would indicate on a basis of strict proportionality.

Are these candidatea "hetter" than those from comprehensive schools? In the case of the 80 who select themselves, we pay little or no attention to school or any other issue, such as a family connection with the college.

The issue becomes mnre acute with the last candidales. How does one say if the tbility of a plumber's son from a Cheshire VIth Form college is greater than that of a broker's son from a major public school? My own view ia that we are not here to right the wrongs of society but that some allowance must be made for the disadvantages of the one and the advantages of the other.

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Familiar but unreassuring

THE PAST week has been comforting in only one sense: the unpleasant and worrying things which happened — or were said — were part of such a familiar pattern that they were almost reassuring. The dollar soared to yet another peak on its trade-weighted index: disturbing for European governments still hoping to breathe life into their economies by cutting interest rates, but hardly surprising. A week in which the dollar does not hit a new high against some currency is becoming almost an oddity. The same might be said of a week in which European central bankers fail to lament the reluctance of the U.S. to support concerted intervention in the increasingly erratic foreign exchange markets. This week, it was the turn of West German officials to complain about the U.S. attitude — at the management symposium in Davos.

It is also becoming increasingly likely that in any given week somewhere in the world, at some lunch or forum, a senior banker or finance minister will denounce the growing momentum of protectionism. This week, therefore, it was unsurprising and only faintly reassuring to hear M Jacque de Larosicre, managing director of the International Monetary Fund, take up the theme. M de Larosiere was quite right to argue that, unless the tide of protectionism can be halted the fabric of the global economic system will be imperilled. But the frequency with which this subject is now tackled served to underline how far the international economic order has moved from the free trade which fueled worldwide growth in the 1950s and 1960s.

Statistics

In the UK, the week has been enlivened only by the news that things which might have happened did not. Tentative hopes that bank base rates might retreat from their pinnacle of 14 per cent were dashed as the Treasury sought to convince the markets that this time it really was determined to control the money supply. And faint expectations that the seemingly interminable 11-month miners' strike might reach a clean conclusion were similarly dashed by the extraordinary self-confidence of Mr Arthur Scargill.

However, if there was one place this week where events were comforting only because of their familiarity, it was Capitol Hill. European finance ministers cannot help but be disappointed, even if they are not surprised, by President Ronald Reagan's refusal, once again, to contemplate any serious measures to reduce either the U.S. budget or external deficit. The U.S. is already—if the rather unreliable trade and capital account statistics are to be believed—a net debtor to its trading partners. And the rate at which the current account deficit is widening means that within a couple of years the U.S. could be the world's biggest debtor.

It would be wrong to exaggerate the dangers inherent in the ever-widening U.S. budget and trade deficits: the budget deficit is still manageable as a fraction of GDP and the U.S.'s foreign debt is not as alarming as it sounds because it is denominated in dollars. The U.S. can always meet its liabilities by resorting to the printing presses, even if this would spark off another bout of worldwide inflation. Nonetheless, from the point of view of the international community, the U.S. economy is in a state of chronic imbalance. In the light of this, the sight this week of assembled congressmen giving President Reagan a hero's reception and basking in his warm rhetoric about a "second American revolution" was not comforting.

Deficits

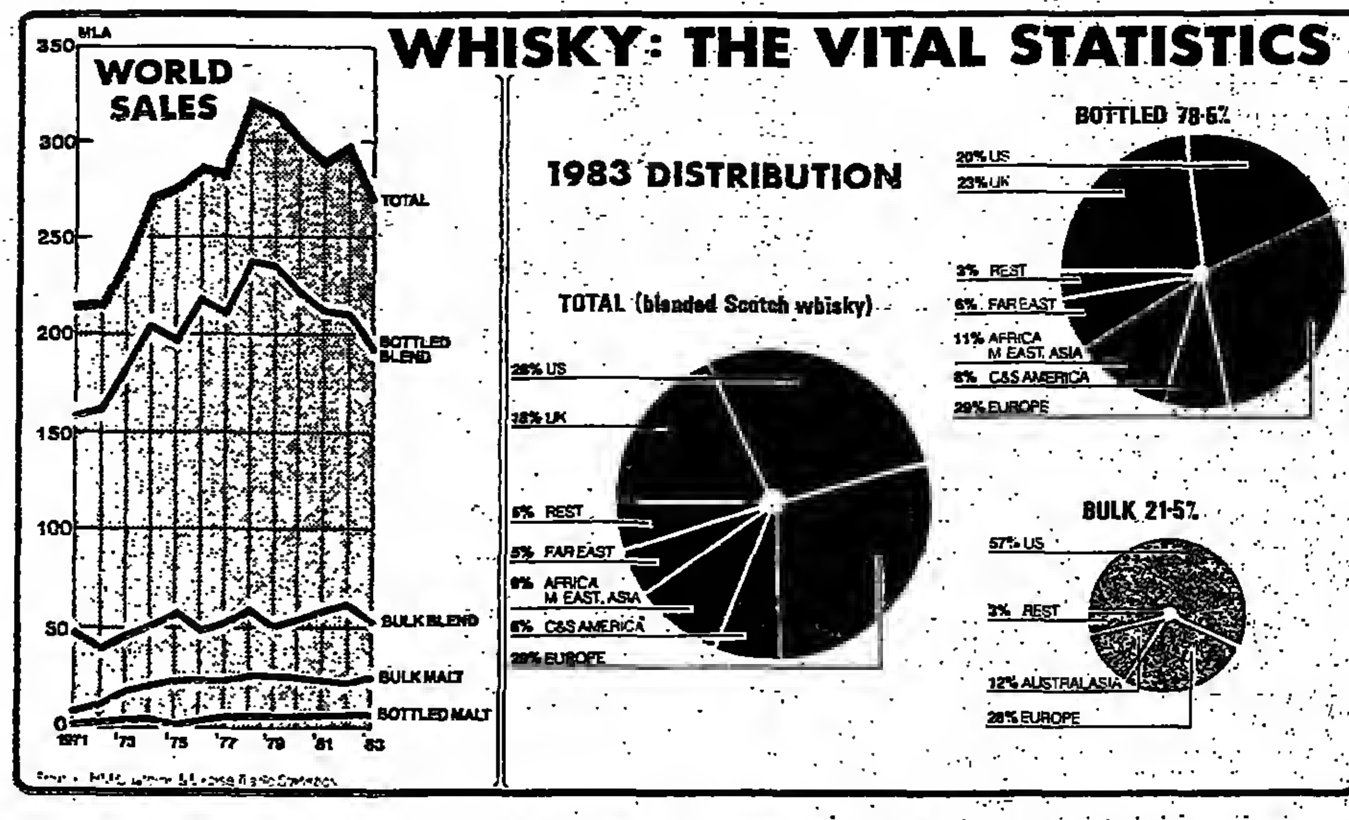
It is possible that President Reagan's new Keynesianism—his belief that the economy will grow out of deficit—will yet be validated. However, the more cautious international financial community is likely to be more impressed by the worries expressed by Mr Rudolph Penner, the director of the Congressional Budget Office. Mr Penner warns that in the event of a U.S. recession later this decade—which, given the regularity of business cycles must be highly probable—the budget deficit could rise to $400bn. The implications for interest rates need no spelling out. In fact, a deficit of this size would probably never emerge—if the U.S. tried to double its demands for the world's savings, something would snap first with unpleasant repercussions for the international economy.

Even Mr Penner's prognostications are not quite as depressing as another development this week. This was the latest indication that the U.S. Federal Reserve's cherished independence may be under threat. With the prospect of huge budget deficits for years to come, it is not surprising that the White House is seeking firmer control of the nation's printing presses. Yet any attempt by the Administration to deflect the Fed from its stern anti-inflation stance is almost bound to prove disastrous. If confidence in U.S. monetary policy were to evaporate, as it did under President Jimmy Carter, any hope that the dollar might achieve a soft landing from its present vertiginous height would disappear.

SCOTCH WHISKY'S PROBLEMS

The image men get to work

By Lisa Wood



THERE IS so much Scotch whisky maturing in Scotland today that if the industry stopped all production in its distilleries tomorrow, it would take more than a year to bring the surplus of supplies into line with forecasts for world-wide demand in the next few years.

Such a development is, of course, out of the question, but the recent announcement by the Distillers Company (DCL)—the world's largest whisky producer—that it is to mothball 10 of its 34 malt distillers dramatically illustrates the industry's problems.

"It would take a bold man to say no more distilleries will close in 1985. Each individual company has to take its own view," says Mr Donald Mackinlay, chairman of the Scotch Whisky Association's Information Committee.

But there are indications, like the 1.5 per cent upturn in exports last year, that give the industry some optimism about its long-term future in a market which grows more competitive by the year. The industry has certainly woken up to the fact that it has to market its products more aggressively but it has yet to prove that it knows how. Indeed, this is the major challenge now facing the industry over the next five years.

For the past five years the industry has been burdened by a very high level of stocks. These are laid down to mature over a five to six-year production cycle. Warehouses, now piled high with enough maturing whisky to last around eight years, bear witness to the fact that errors—often unavoidable—in forecasting demand in five years time cannot be rectified overnight.

For in 1978, with world-wide sales at a peak and a buoyant domestic market, the industry laid down stocks in anticipation of annual growth in consumption of up to 8 per cent.

The burden of a very high level of stocks

Then the recession hit. World wide consumption tumbled and is now 15 per cent below 1978 figures. Demand in the important U.S. market, accounting for 28 per cent of sales in 1983, fell by 18 per cent between 1977 and 1983.

The reasons for the decline include:

● A major shift in drinking habits in countries such as the U.S., with the health-conscious switching to "lighter" drinks like wine. Consumption of table wine in the U.S. has grown by 48 per cent in the past five years.

● Skilful marketing of rival drinks as versatile "mixer" drinks and increased female interest in cocktails.

● The imposition of import tariffs, particularly in Latin American countries where economic crises have produced a scarcity of foreign exchange. In Brazil, for example, duty per bottle of Scotch is now around £9.53 compared with 96p on local whisky. Even within the EEC, four out of eight of the UK's partners have some form of discrimination.

● The growth in commodity, low-status local whiskies and low-strength cut-price labels such as Black Willie in France, where it is estimated 10 per cent of all whisky is French whisky.

The industry, which includes the giant DCL, several subsidiaries of UK brewing groups and a number of family-owned businesses, began slowly and painfully to cull its production in the early 1980s.

Some 16 distilleries closed between 1980 and 1984. Short-time production was introduced into the rest and some 7,500 jobs, out of a total of 25,500, were lost. While the majority were in bottling plants, the impact of the closures was magnified by the fact that many were in isolated Highland communities with little alternative employment.

Company profits fell, with DCL, for example, claiming to drop £30m in lost sales in the financial year to March 1984 because of the situation in South America. One company, Tomatin Distillers, the largest independent distiller of malt whisky, went into liquidation at Christmas.

Over-capacity encouraged some producers, notably Canadian-owned distillers such as Hiram Walker and Seagram, to step up the syphoning-off of bulk malts to overseas markets as an ingredient of locally-produced whiskies. Some critics argue that in the longer term this is tantamount to cutting the industry's own throat. But the industry will not be drawn. "At least it gets rid of the surplus," says a senior member of the Scotch Whisky Association.

The announcement this year of the mothballing of DCL's 10 malt distilleries has persuaded City analysts that supply is now moving more in line with demand. For such is the size of DCL, accounting for about 36 per cent of the world Scotch whisky market, that it has a major impact upon the whole industry.

It is a confidence shared by Mr John Connell, chairman of DCL. "We have gone as far as it is necessary in order to reduce the level of current production required to bring stocks down to levels commensurate with sales forecasts," he said.

> 'The next few years are critical. It is not good enough to think that as the recession ends, markets will bounce back'

He rejected suggestions that it has taken his group a long time to reach such an equilibrium. "Closing distilleries is not something we do lightly," he said. "Neither can one look at the market with any great certainty over a long time span despite the fact that we revise three to four-year forecasts every four months."

Mr Connell's group was party to a recent Nedo working party report on whisky which made several recommendations for future action. "It is difficult to pinpoint one recommendation as more important than another," said Mr Connell. "Tax harmonisation in the EEC, a reduction of tariff barriers and definition of a minimum alcohol strength are all important," he added. "But if it was asked the question on Desert Island Discs I'd say marketing is the crucial area."

Marketing is certainly the new buzz word in the industry. Not that companies such as DCL lack strong identities for their brands—Johnnie Walker is probably the second-best known drink brand in the world after Coca Cola.

"The problem is that we have not given the post-war drinker a reason to drink Scotch," said Mr John Bridle, marketing director of William Grant and Son—a private family-owned company. "We as an industry have not promoted Scotch as the hand-crafted product, but rather as a commodity and neither have we established a number of different usages for the drink."

William Grant, in fact, has pioneered the Scotch malt whisky market with its Glenfiddich, first marketed in the early 1970s. Before then malt was the preserve of the Highland drinker. Today while only accounting for some 2 per cent of the market, with Glenfiddich the market leader, sales have grown steadily as other categories of the drink have slumped.

In different markets, advertising of Glenfiddich attaches itself to very differing lifestyles and aspirations. In Japan the green and gold liveried brand is depicted alongside a distinguished Japanese artist. In France the bottle rests upon a romantic Scots landscape with the copy "Glenfiddich: Le boire est un art."

"If whisky is going to adapt itself to new markets it has got to be more than just a commodity," says Mr Bridle, one of a new breed of marketing men in an industry where the jargon of the late 20th-century often rests uneasy among the elders.

In a very different way, DCL is at pains to re-establish the prestige of drinking Scotch with its new international advertising campaign for Johnnie Walker. There are no kilts or sporrans here. Rather, glamorous, relaxed young people in "aspirational social occasions" such as ski-slopes and alongside the pool, sip Scotch with unobtrusively placed bottles of soft drinks, such as Coca Cola, hinting that the drink can be mixed.

"The recession has forced the trade to think of other ways of presenting the drinking of Scotch," said Tony Oscroft, marketing director of Johnnie Walker whose Red Label brand accounts for 20 per cent of all "bottled in Scotland" whisky exports.

The image of the middle-aged "hard drinker" still lingers on and there is a reluctance among fiercely independent companies to launch full-blown generic campaigns that could, for example, inform the female drinker that a standard tot of whisky has less calories than a 11-degree volume glass of white wine. Industry-financed campaigns, organised by the Scotch Whisky Association in Japan and the U.S. have lacked the punch of those organised by the French Cognac industry.

Improved marketing is of particular importance in the U.S. at the moment where a combination of imminent new Federal taxes on spirits and the anti-drink lobby could adversely affect any recovery. Control over marketing there, however, has been strengthened by companies such as Arthur Bell and Son, DCL and Highland Distilleries acquiring their own importing companies.

For many other drinks, companies market share has been bolstered by innovation. But there is no Scotch whisky equivalent of Bailey's Irish Cream, developed by Grand Metropolitan although DCL rather awkwardly admits it has a new team working in the area.

There are whisky-based mixed drinks but they have come in the main from non-whisky companies such as James Burroughs. Building on the experience of its Beefeater Double Gin and tonic, it has just launched a whisky and ginger ale and whisky and lemonade mixed drink with the picnic, sporting and cinema consumer in mind.

"The message is beginning to get through in the industry that the image of Scotch has got to be brighter," said Mr Alan Gray, of Glasgow-based stockbrokers, Campbell Neil. "But it is happening very slowly."

He points out that in Britain, where whisky still accounts for just under 50 per cent of the ailing spirits market, the total the scotch industry spent on advertising was around £9m last year, and a disproportionate amount of this was on single malts. In comparison, the brandy, liquers and bitters sectors, taking some 15 per cent of the market, spent the same amount, according to MEAL, the consumer and media expenditure monitoring group.

"The next few years," said Mr Gray, "are critical. It is not good enough to think that as the recession ends, markets will bounce back and, with the removal of surplus capacity, profit margins will improve. It will be a long haul. But it must play to its full potential and perhaps combine the traditional strengths of the product with modern marketing techniques."

No equivalent yet to Bailey's Irish Cream

A crucial step in achieving change is the recognition that it is needed. Mr Donald Mackinlay, of the Scotch Whisky Association, a rather dry Scot said: "Perhaps the industry has been too traditional. Too many people hit there do not understand the product."

He is carefully cautious about the future. "We will not quickly increase exports. It will be a long slow build back. It is unlikely that all those distilleries that have closed will open again. I would not like to a guess when somebdy will build a new distillery."

Letters to the Editor

Possible pension changes

From Mr L. Braden

Sir,—Clive Wolman (February 2) effectively argues that any pensions-tax chances the Chancellor may announce in the Budget are likely to be retrospective (in part, or least) because otherwise the tax yield would not be worth the effort, and/or it would take up to 70 years for the measures to fully "bite," and/or the pension funds' actuaries would find it almost impossible to work out all the right figures. Because of this, he reasons, it could even turn out to be disadvantageous to start a new pension-plan (or "top-up" an existing one) before the Budget. I disagree.

There are several ways whereby the Chancellor could follow the precedent of last year's Budget, and announce pensions-tax changes that would only concern plans started from then onwards, while leaving all existing schemes virtually unaffected by his proposals. Here are some possibilities:

Announce that, after tax year 1985-86 onwards, there would no longer be the privilege of carrying-forward unused relief for up to six years. Perhaps one year only may be chosen—if, say, an investor's income for 1985-86 was not quite high enough to "cover" his premium contributions, any unused relief from 1984-85 [only] could be "reckoned-in."

Reintroduce an overall upper limit for contributions. Perhaps £5,250 a year would be chosen [an investor could still claim tax relief for contributions up to 17½ per cent total income, but if "total income" exceeded £30,000, the maximum allowance of £5,250 would take effect].

Change the rules which regulate what percentage of a "retirement fund" can be taken out in the form of a tax-free lump sum. *Existing policies would not be affected at all*, individuals starting "post-Budget" plans being advised, at the start, what their eventual "options" would be.

Abolish tax relief for premiums paid under "Section 226A" contracts. Tax relief for premiums into pension funds (which will eventually be returned to investors as taxable pensions) must of course, be preserved. But "226A contracts," effectively pure insurance contracts (providing term assurance, etc) do not lead to taxable income in anyone's language. There is no logical reason why such premiums should benefit from tax relief, since all other such policies lost their tax relief last year.

The Chancellor could make any, or all, of the foregoing changes without upsetting existing pension-plan-contributors, or the "pension-industry."

Lionel W. Braden.
29 Forest Lane,
Chigwell, Essex.

Doubly taxed

From Mr H. Turrall-Clarke

Sir,—Your leader on the taxation of pensions (February 5) promotes the idea of a tax on lump sums at retirement and on pension funds' investment returns. This displays a substantial misconception of the financing and taxing of pension schemes.

The financial inputs to a scheme are the contributions paid by the members and the company and investment income and capital gains arising from investments. The financial outputs are pensions to members and beneficiaries and lump sums on death and retirement.

At the moment only one element (pensions) is subject to tax. This is one of the financial outputs. It may therefore be "logical," though not necessarily desirable, to tax other financial outputs (lump sums).

On the other hand, the taxing of one part of the input (investment returns) in addition to the outputs would be, create an anomaly between the tax treatments of the two forms of input.

There would also be an anomaly with alternative forms of saving such as life assurance, where the inputs are from taxed income and partially taxed investment returns but all outputs (i.e., policy proceeds) are tax free. In other words tax is only levied once.

These are precisely the forms of anomaly that the Chancellor should be seeking to avoid.

Hugh Turrall-Clarke.
Towers, Perrin,
Forster and Crosby,
110, Jermyn Street, SW1

Penalties of motherhood

From Mrs K. Clifton

Sir, — Lombard's article (January 31) on the "Penalties of Motherhood" (why not parenthood?) and in particular its last paragraph deserves a wider audience than it is likely to get. On the same day my health visitor, visiting my two - year - old daughter, remarked that I was lucky to be able to find part-time work and the fact that I could not afford full time work and a baby minder was of course a fact of life and I should be content with my £2,000 a year from part-time earnings even though my baby minder will get a third of that.

Having worked as an executive secretary for most of my 19 years of married life (this would distort your executive life style statistics in last Saturday's FT) I have certainly noted the trend to a choice having to be made between creasingly, motherhood is the option that is not being chosen. The lack of investment in pre-school *age* child care or tax reliefs for such care will lead to an ageing population, with all the problems that will entail.

(Mrs) K. Clifton.
Deepdene,
Ockhom Road North,
W. Horsley, Surrey.

Business expansion scheme

From the Client Investment Director, Midland and Northern

Sir,—I am writing to you having read the article "BES funds hope for a warmer response" on February 2.

I can only speak for our scheme, the Centreway business expansion scheme, but the comment ". . . not approved by the Department of Trade" is factually incorrect. The majority of the funds placed with us for investment are the result of introduction and recommendation by professional advisers such as accountants and stock brokers; the approval of the Departmentof Trade is thus necessary in order that the detailed memorandum inviting investment in the scheme may be distributed by them. A statement to this effect is contained in the memorandum. I assume the article meant to refer to Inland Revenue approval, which is necessary for unauthorised unit trust type schemes but is not required for open-ended schemes.

On the subject of charges, quite correctly the article states that there is no initial charge to investors. The interpretation higher fees to companies may deter some attractive companies" overlooks the point that the larger part of this fee will be reflected in the subscription price paid for the shares. The tax efficiency of this charge structure fortunately has not been lost on many BES investors and their advisers.

The article in question did little to explain the relative merits, of the "open-ended" scheme: the tax efficient charging structure, the facility to invest nearer the tax year end with the expectation of full investment, the advantage of direct shareholdings rather than through nominees, etc. Since the label "non-approved schemes" at best lends itself to misinterpretation those readers who take an interest in the business expansion scheme would perhaps value this explanation.

David R. Emery.
1, Waterloo Street,
Birmingham

Motorists in for a shock

From the Managing Director, Petrofina (UK).

Sir,—In his motoring article of February 2, Stuart Marshall calls for an explanation from oil companies on the disparity between diesel fuel prices and petrol prices. I am willing to oblige, and also to correct his main inaccuracies.

Diesel is not a cheaper product to manufacture because, as a transport fuel, it has to be desulphurised and adjusted to meet British Standards. In addition, in winter it needs to be mixed with kerosene to avoid "waxing".

In recent weeks spot prices for gas oil have been $10 per tonne more expensive than for motor spirit—for example, 4.3 per cent—thereby nullifying the slight excise advantage in this country.

As to the comparison with France, the 21 miles of sea simply means different excise taxes. The French Ministry of to itself, discriminates against petrol as a transport fuel. In fact, figures show that the return on Derv is higher in France than in the UK.

The above should indicate that nobody is being "ripped off." The fact remains that refining distribution companies are still a long way from recovering their costs on an yproduct sold.

While on this subject, it is worth pointing out a few facts in relation to Derv and diesel engined private cars. The growth of these cars in the European market has been prompted solely by the fact that Derv is taxed lower than petrol.

In a society as conscious of its environment as ours, it is ironic that Governments appear to promote, by their fiscal policies, the proliferation of two avoidable forms of pollution: unburnt hydrocarbons and soot.

In contrast, California (for instance) where "smog" — in Los Angeles in particular—has become almost endemic, recently passed a law which requires the severe limitation of particulate emissions from diesel engines by January 1, 1986. This will necessitate either the fitting of filters known as "soot incinerators" or electrostatic filters with soot recirculation and refiring capabilities.

Both solutions will prove more expensive than the provision of three-way catalysts for petrol engines and, incidentally, increase fuel consumption by up to 20 per cent.

It used to be said tongue in cheek, that, in terms of mass technology, Europe was years behind the U.S. In this instance, it is surely safe to assume that our legislators will not be quite so tardy in following their Californian counterparts.

The consumer who has gone for a diesel engine based on fictitious cost comparisons with unleaded petrol alternatives will then face some nasty surprises.

Pierre H. Jungels,
Petrofina House,

BASE LENDING RATES

A.B.N. Bank	14 %	C. Hoare & Co.	†14 %
Allied Irish Bank	14 %	Hong Kong & Shanghai	14 %
Henry Ansbacher	14 %	Johnson Matthey Bkrs.	14 %
Amro Bank	14 %	Knowsley & Co. Ltd.	14½%
Armco Trust Ltd.	14½%	Lloyds Bank	14 %
Associates Cap. Corp.	14 %	Edward Manson & Co.	15 %
Banco de Bilbao	14 %	Meghraj & Sons Ltd.	14 %
Bank Hapoalim	14 %	Midland Bank	14 %
BCCI	14 %	■ Morgan Grenfell	14 %
Bank of Ireland	14 %	Mount Credit Corp. Ltd.	14 %
Bank of Cyprus	14 %	National Bk. of Kuwait	14 %
Bank of India	14 %	National Girobank	14 %
Bank of Scotland	14 %	National Westminster	14 %
Banque Belge Ltd.	14 %	Northern Bank Ltd.	14 %
Barclays Bank	14 %	Norwich Gen. Trust	14 %
Beneficial Trust Ltd.	15 %	People's Tst. & Sv. Ltd.	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm'nt Trust	14 %	Roxburghe Guarantee	14½%
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	14 %	Royal Trust Co. Canada	14 %
■ Charterhouse Japhet	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	12½%	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	[illegible]	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	[illegible]		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75%. £10,000 12 months 12.00%.
† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** Seo Provincial Trust Ltd.

هكذا من الأصل

SIR MICHAEL ON THE OFFENSIVE

Two knights joust for Dunlop

By John Makinson

YESTERDAY MORNING at 10 o'clock, the shareholders of Dunlop were able for the first time to inspect perhaps their company's most valuable asset, acquired after lengthy negotiation and for a controversial sum only three months ago. Sir Michael Edwardes, Dunlop's chairman and the acquisition in question, believes there is plenty of value in the group's more tangible assets. Yet it must beve been painfully clear to almost everyone at yesterday's shareholders' meeting that, but for Sir Michael and his reputation, Dunlop'a defence against the hostile takeover mounted by BTR would already lie in ruins.

There is, after all, precious little else in the Dunlop arsenal. The company's record over the past decade has been nothing ahort of disastrous and its net assets amount, give or take a few million, to zero. In a group which as been as conspicuously overmanned as Dunlop, the management can scarcely advance conventional erguments about the protection of employees, while any eppeal to the loyalty of Dunlop shareholders would be received et best with grim irony.

By contrast, BTR, the industrial holding company headed by Sir Owen Green, can point to a remarkable history of earnings and dividend growth, a proven ability to turn flagging companies into healthy profit and a City reputation for management excellence which knows few, if any, equals. On paper, at least, it looks no contest.

That, however, is not how Sir Michael sees it. He positively relishes playing David to Sir Owen's goliath and has already secured several palpable hits. Yesterday he managed to neutralise BTR's holding of Dunlop preference shares, which had threatened to block the capital reconstruction on which an independent Dunlop depends and to give himself more breething space by adjourning the company's extraordinary general meeting.

Sir Michael's case is straightforward: if shareholders accept the BTR offer, they will end up with 1 per cent of a huge industrial conglomerate; by staying with the existing management they stand to benefit fully from the anticipated recovery in earnings.

"Our shereholders," he says "have been incredibly loyal during the bad times and we would like them to have 100 per cent of the recovery potential that we see in front of us. BTR definitely needs Dunlop but I don't think Dunlop shareholders want 1 per cent of the resultant company, or two or three."

Whether Sir Michael succeeds in putting that messsge across will depend on how the City institutions, and Dunlop'a army of small shareholders, perceive his qualities as a manager. In terms of style, at least, the contrast with Sir Owen could scarcely be greater. Who's Who, a publication in which the low-profile Sir Owen does not figure, lists a string of public and corporate accomplishments. Sir Michael has, at one time or another, been chairman of BL, Chloride, Mercury Communications and ICL.

His period at BL brought both public recognition and the admiration of other industrial managers. Sir Michael's determined stand on industrial relations gave his counterparts in other compsnies greater confidence in their handling of trade unions. In a recent survey of business managers, he emerged as one of the most admired industrialists in the country.

A poll of City institutions would produce a rather different result. No one doubts Sir Michael's fighting spirit or his flair for marketing and public relations but, in the view of some of Dunlop'a biggest shareholders, his reputation is not fully matched by his commercial achievements. The institutions remember him for leaving Chloride to join BL shortly before the battery-maker plunged into loss.

Whether Sir Michael can be held directly responsible for Chloride's problems is a moot point — the battery market is, after all, almost as depressed as the tyre market which virtually destroyed Dunlop. Some critics argue that he bas changed jobs too often in the past four years and he has recently been involved in a controversy over the share option scheme which Sir Michael and the two men who followed him from ICL to Dunlop were awarded as part of the reconstruction scheme.

This is one subject which touches a raw nerve in Dunlop's chairman: "I don't think it was a mistake to put our share options in at all; if 53 banks, whom I believe can look after themselves, come to me and make a proposition which I think is generous, the last thing I am going to do is turn them down. And tell me one man in the country who would have said 'please, that's far too generous — keep it for your own dividends and shareholders'. We gave them up, not because of moral outrage or anything like that, but because we realised they hed been used against us privately behind our backs and because we wanted to give our shareholders a clear field."

Sir Owen Green, by contrast, is deliberately uncontroversial. He has worked with BTR since joining as an accountant in 1958 and, while he mixes easily in the City, he prefers to stay out of the limelight.

But the institutions have no reason to complain about the low profile; indeed their edmiration for Sir Owen and his financial controls knows few bounds. And in this particular deal, Sir Owen and his colleagues hold an extra trump card. They ere familiar with the rubber industry which — together with carbon fibre — forms the core of Dunlop's activities.

Asked what be can offer Dunlop which BTR cannot, Sir Michael is careful not to criticise Sir Owen and his team. "A lot of what we said to our employees and to the institutions in the first week was what Owen Green has said. Our broad approach is likely to be similar to BTR's. The difference is that Dunlop would be part of a very large conglomerate, which has just digested Tilling."

And that team has already gone to work, implementing changes which Sir Owen could only applaud. Central management has moved out of the old head office into premises at least as Spartan as BTR's. Authority has been delegated to seven product groups, each with its own chief executive.

Sir Michael Edwardes: several palpable hits

"The previous management," Sir Michael says, "centralised things on Dunlop House; we changed that drastically within a week of coming in."

Having established a structure for Dunlop, Sir Michael says his immediate task is "to see where best to get costs down and margins up. . . ."

Not surprisingly, Sir Michael is confident that a recapitalised Dunlop, shorn of the ruinous European tyre-making operations, has a profitable future. While none too specific about his plans, he clearly enviseges further divestments. It would be surprising, for example, if Dunlop held on to its U.S. tyre interests for long under Sir Michael's stewardship. At the end of the day, he believes Dunlop will be making decent returns on a sales base of £1bn or less. The company, he says, has damned good brand names and a lot of technology. What it has lacked is confidence and credibility.

Sir Michael believes he can supply both; so does Sir Owen. The tragedy for Dunlop shareholders is that if they had been able to choose either of them five years ago they would be a lot better off today.

Home computers

Chris Curry (left) and Herman Hauser.

Nightmare week for Acorn

By Jason Crisp

BARELY A year has passed since everyone was nuts about Acorn. The high-flying company which makes the BBC Micro epitomised a new generation of youthful, innovative high-technology companies that were springing up in the Cambridge area.

In five years the company had grown from nothing to one with sales of £93m. And the company had already begun to nurture other fledgling enterprises like IQ(Bio) and Torch which hed been formed by some of the brightest young men to come from Cambridge University.

For Acorn's co-founders, Chris Curry and Herman Hauser—themselves both from Cambridge and still youthful—the glittering prizes were fame and a leading place in the list of Britain's wealthiest men, along with their former employer and friend Sir Clive Sinclair. As Acorn's share price on the USM soared to 193p Hauser was worth £103m and Curry £83m . . . on paper anyway.

The two dreamed of running a major electronics company, but for now, at least, the dream has been shattered. On Wednesday afternoon the company suspended dealings in its shares at 28p having at one stage seen them reach 23p. Late that afternoon a terse company announcement said that on the previous Friday it had replaced its financial advisers Lazards and that Cazenove had resigned as stockbrokers. The only other comment was that the company was "actively taking steps" to reorganise its affairs.

The crisis follows the recent appointment of Dr Alex Reid, a former British Telecom executive, as acting chief executive, the ending of the proposed takeover of Torch Computers, share price cuts on some models and a shake-up among its distributors.

Since Wednesday, the company has gone into purdah with its new financial advisers Close Brothers, communicating only with its major suppliers which have become increasingly worried about slow payments. Acorn is now struggling to find a way out of a crisis of cash and of confidence. Curry and Hauser have been closeted in their large office which doubles as a boardroom in a former water softening plant three miles from the city centre.

Most outsiders believe that there are probably only two viable options: substantial capital reconstruction or takeover by a larger company. Either way Hauser and Curry could lose control of their company, something they would strongly oppose.

There is widespread praise for Acorn's technological skills and the quality of its staff. But some critics suggest the business has lacked focus, is short of marketing skill, and has not always had enough concern for its dealers and distributors—or for the City.

The tall, Austrian-born Hauser's main interest has been in the technical, research and development side of the company. The day-to-day running of Acorn has largely been the responsibility of Mr Curry who also has several outside interests ranging from politics (he stood as a Conservative candidate) to the fostering of new high-tech businesses in Cambridge.

The university city can fairly claim to be following in the footsteps of such high-technology "greenhouses" as those strung along Route 128 round Boston in Massachusetts. Acorn's problems are the most serious to have hit Cambridge and the USM (Acorn is the largest company in this market) and the speed with which its share price has fallen has shocked many small investors.

"Acorn has been driven by technology and expects the world to beat a path to its door. It grew complacent and coasted along because the BBC Micro sold itself," says one analyst. By contrast Sinclair Research, the rival home computer company, is seen to have strong entrepreneurial and marketing flair even if its products are not technically so sophisticated. And while both companies had similar sales and sub-contracted all manufacture. Sinclair employs about 80 and Acorn nearly 500, many of them in research and development.

Acorn's management is also unfavourably compared by City analysts to that of Applied Computer Techniques, the fast-growing company in the much tougher market for business personal computers. Mr Bob Gilkes, chief executive of Cambridge Venture Management, who has had close contacts in the past with Acorn says: "It is the same problem which faces many high technology companies. The people who start them have little effective management experience but tend to think they know a lot because the company has taken off vertically."

The latest problems seem likely to result in important changes within the company although few believe it can ever repeat its past meteoric growth. Mr Henry Kroch, chief executive of AB Electronics, one of Acorn's leading subcontractors, who has been in close touch with the company, said yesterday: "There is a need for an injection of a much better commercial management. I find a great deal of commercial realism there now that was lacking before."

Meanwhile Acorn faces a host of pressing problems. These include the prospect of a sharp fall in the UK home computer market and the expensive task of trying to break into the highly competitive and over-supplied business computer market.

The company's meteoric growth was founded on its BBC Micro launched four years ago linked to several television series and the Micro dominates Britain's education market. The computer, which accounts for the bulk of Acorn's revenues, is still well regarded but it is beginning to look old, expensive and has limited memory which restricts the sort of programs it can run.

Acorn's problem is that the BBC is still its only successful product. Only as the situation deteriorated last week did Acorn admit it intended to produce a new version of the BBC this year. Acorn's sales of the Electron, at £200 have been very disappointing.

Acorn has cut the price of the Electron and is thought to be losing money on it. But it needs to generate the cash and reduce high stocks. Once stocks have been sold, the present version of the Electron is likely to be discontinued.

The relative failure of the Electron together with the company's abortive and expensive foray into the U.S. market has undermined confidence in the group's ability to diversify. Even the "add-on" devices to expand the BBC Micro have been late, are cumbersome to use and have modest sales.

Acorn's biggest diversification is into business computers with the ABC range. Deliveries have begun to a limited number of dealers in small quantities. But the company has been slow to set up an effective network of dealers which is vital for success as there are hundreds of products vying for space on their shelves.

Stockbrokers Wood MacKenzie now predict that Acorn will make a £3m loss in the current year compared with the £10.8m profit which it actually achieved in the 12 months to June 1984.

Acorn's problems are likely to have considerable repercussions. They will embarrass organisations like the BBC, the Industry and Education Departments which have supported it, and worry suppliers like A.B. Electronics, Ferranti, Race and Astec as well as many small companies around Cambridge.

The hitherto supreme confidence of the Cambridge's close-knit high technology fraternity is shaken. "It is possible that the multiplier effect Acorn hed on the way up could be reversed on the way down. We're certainly in for a period of instability," says Mr Peter Harris at Torch Computers.

Many people in the Cambridge area bought shares in Acorn which is the largest employer in the area after Philips, CEI, Marshalls and Cambridge Instruments. But even as the price crashed local stockbrokers Charles Stanley report that a number of small investors are still insisting on buying Acorn shares. Often it is because they knew some of the talented young people who work there. That talent is currently Acorn's most precious asset.

Weekend Brief

Dodging nuts in Disneyland

HENRY DISNEY deals in small things. To be precise, in the genitalia of the parasites of ants. The locals on the island of Sulawesi in Indonesia have never seen anything like it.

Henry will lie observing his insects for so long that the Macaque monkeys have taken to throwing nuts at him. But such sights are familiar to participants in the world's largest entomological expedition ever, which is now getting under way in a remote section of the tropical rain forest in north Sulawesi.

Grown men and women in World War II shorts run about with giant butterfly nets. A man with an eyeglass peers intently into a pool. Not only the locals are baffled—the whole thing is a bit of a shock to several members of HM Forces, who last saw action in the Falklands and now find themselves providing logistical support and back-up to the expedition.

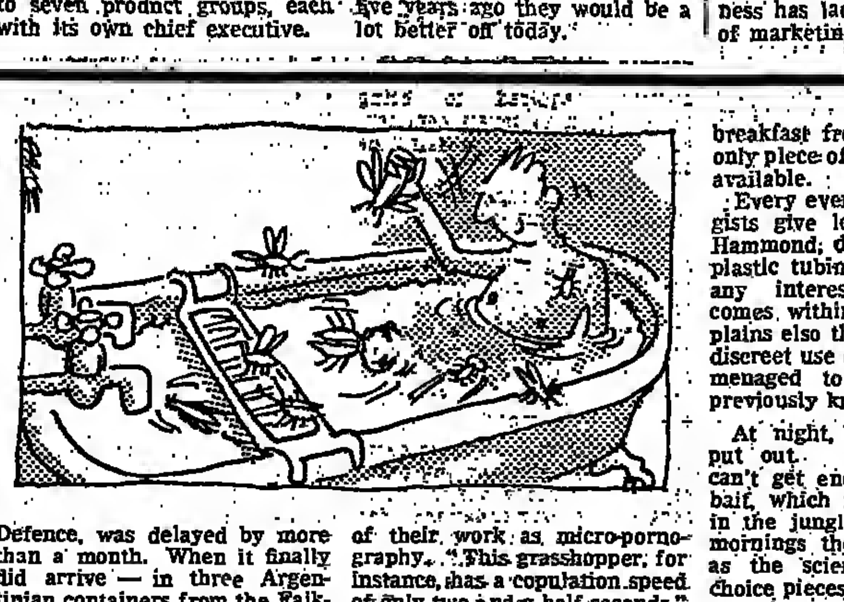
Corporal Al Maddison said he first thought everyone was mad. "They told me not to swat the insects biting me, but check with someone first."

A dung beetle expert from Helsinki encourages the forces to excrete in the jungle but asks them to point out the place on a map. He then times the arrival of his beetles and brings them back for sorting, usually just before lunch because "they are at their most active in the mornings."

The expedition, organised by the Royal Entomological Society and named Project Wallace, honours Alfred Russel Wallace, who sailed the waters of the Indonesian archipelago back in the 1850s. For years rather under-rated as a scientist and explorer, Wallace now is seen as one of the originators, along with Darwin, of modern evolutionary ideas.

Members of the expedition are facing many of the difficulties that Wallace must have met. Owing to a lack of funds and a series of bureaucratic mix-ups, the first group arrived to find that its base camp building was still only a patch of parched earth. As a result, the Lt-Col, the professors, the two Gurkhas, chaps from the British Museum, and several thousand lethal-looking insects collected already, are sharing one long hut.

The equipment, including more than £250,000-worth on loan from the Ministry of



Defence, was delayed by more than a month. When it finally did arrive — in three Argentinian containers from the Falklands—the Indonesian Customs were rather overwhelmed.

Hundreds of boxes of "compo rations" hed somehow been listed as electrical equipment. A helpful man back at Supplies had put in a few gross of white combat overalls usually used on Nato exercises in northern Norway and one box, packed expertly, contained nothing but old newspapers ("for my butterflies, you know").

But depsite the difficulties, there's an awful lot of phlegm about . . . and rather a lot of sex, as well. It seems the insect world scarcely thinks of anything else. Dr Blackith and his wife, Ruth, from Trinity College, Dublin, describe much of their work as micro-pornography. "This grasshopper, for instance, has a copulation speed of only two and a half seconds," they say.

The Blackiths put in eight-hour days in the jungle, despite being over 60. Reveille is at sun-up and the nearby river is the wash place for everyone. "Pass the soap, please" and "I do believe you're on my rock" echo along the jungle's edge.

Even here, there are insects to look at. An entomologist demonstrates how the aquatic cockroach always swims upstream. It promptly scuttles off, downstream.

Florrie, a stockily-built aircraft repair specialist who volunteered to be cook after the man from the Catering Corps failed to arrive, dishes out breakfast from a big wok, the only piece of kitchen equipment available.

Every evening, the entomologists give lectures; one, Peter Hammond, describes a piece of plastic tubing used to suck up any interesting insect that comes within range. He explains also that, through the indiscreet use of his "pooter," he managed to catch a disease previously known only in trees.

At night, the rat traps are put out. The entomologists can't get enough rat meat for bait, which is hung to putrify in the jungle for days. Some mornings there are arguments as the scientists grapple for choice pieces.

The expedition hopes to find thousands, if not millions, of new species which could result in a wholesale expansion at the British Museum. It also hopes to carry out important medical and forestry research and produce the first detailed maps of the area.

Back in the 1850s, Wallace described what he found in Sulawesi: "Situated in the very midst of an archipelago and closely hemmed in on every side by islands teeming with varied forms of life, its productions have yet a surprising amount of individuality . . . which never seems to have acted elsewhere in exactly the same way." The locals, if no one else, would agree.

Opera rises from the ruins

The fabled Dresden opera house where Wagner's *Flying Dutchman* and *Tannhaeuser* had premiers, along with Strauss's *Rosenkavalier*, has been resurrected from the gutted ruin left after the city was obliterated by two waves of American and British bombers on the night of February 13-14, 1945. It will be re-dedicated on February 13, Dresden's annual day of mourning.

The Opera House has been rebuilt at a cost of EM 250m ($80m) by the Government of East Germany, which spares no cost when it comes to the performing arts. Only last year it unveiled the reconstructed Royal Theatre, in East Berlin, which was turned into a concert hall rivalling the Vienna Philharmonic's for intimacy.

The sumptuous five-tiered interior of the original Dresden Opera House, built in 1870, has been recreated in glittering white, red and soft green, along with every detail of the late Italian Renaissance facade. Only the technical portions of the building are 20th century.

Dresden's Opera House will re-open with Carl Maria von Weber's patriotic *Der Freischuetz*, that favourite of German audiences which had its premiere in the old house and was the last work to be presented before it closed in 1944 two years after Karl Boehm's departure for Vienna. Boehm served as general music director in Dresden for nine of what he called his "artistically most fruitful years."

Rosenkavalier will be the second opera in the rebuilt house on February 14 in a new production by one of East Germany's most brilliant opera *Regisseurs*, Joachim Herz. It had its premiere in Dresden in 1911 under Ernst von Schuch, the Austrian-born conductor, who led the house as its Intendant for 42 years and was largely responsible for its pre-eminance long before World War I. Richard Strauss idolised Schuch and said that, without him, he would never have his works premiered in Dresden.

Schuch was succeeded by Fritz Busch who in 1933 after 11 years at the helm, snapped his baton in protest against the lists issued by the Nazis of "undesirable" composers and singers. He left his beloved Dresden to go into exile.

The ruined Opera House, built by Gottfried Semper in 1870, had superb acoustics, and it remains to be seen whether the crumbling of the letter that Violetta writes to her lover in *La Traviata* will be as clearly audible in the remotest corner of the new house as it was in the old.

The first opera staged after the end of World War II was in a church on the periphery of the city only three months after the capitulation. In 1948 one of the first large buildings to be erected on the site of old Dresden — now a field of ruins — was a new combined opera house and theatre. Bethoven's *Fidelio*, under Joseph Keilberth, was the first performance, followed by a glittering *Rosenkavalier* amid the wasteland.

The Dresden Opera House today, according to its Intendant, Professor Gerd Schoenfelder, is a "people's opera house" without artistic elitism and not isolated from the realities of life. What that means is there are no prima donnas in the ensemble and that guest performances by top Western singers will be rare because of the problem of payment in scarce hard currency.

Herr Schoenfelder noted, however, that Dresden is eagerly awaiting a new *Meistersinger* production by Wolfgang Wagner.

The re-dedication of the Opera House is part of the memorial ceremony marking the 40th anniversary of Dresden's destruction. Guests from abroad will not fail to notice that East Germany again is referring to that as the "Anglo-American terror attack."

A new look at Chinese cooking

THE NARROW, squalid food market in Canton was bustling despite the winter chill—the perfect evening for a bowl of steaming snake soup. My Chinese colleague had decided to be braver, and stared down at an alarmingly large dish of what the street vendor claimed to be porcupine.

He managed about three mouthfuls—we had only the food vendor's word that he was trying porcupine—it certainly tasted nothing like beef, pork or mutton—or even snake.

Only next day did we manage to check the restaurateur's claim, after wandering through a maze of street markets. We eventually found Qingping Lu. Overhead, a string of red calligraphy spanned the street: "Qingping Agricultural Sub-Products Market."

A trader was trying to stuff a price tag between the paws of a dead but dignified mountain lion. He was asking RMB 900 for the whole animal—a year's salary for the average Chinese worker.

On one stall, an eagle owl blinked calmly, its talons tethered to the floor of a cage. Next to it, five of its fluffy offspring huddled together. They had been caught in the mountains of Fujian province, a hundred or so miles north of Canton, the stallholder said. He offered the parent for RMB 90.

There was more buying activity around the next stall, where stacked cages held civits and wild cats. A soldier was examining a cat like a butcher would an unplucked chiken. A father and daughter pushed a bicycle away, with a caged civit on the bicycle rack.

Chinese folk beliefs make the meat of almost any wild animal good for enhancing a man's virility. In winter it is regarded as "warming," and good for aching joints. Shoppers in Qingping Lu talked earnestly of how such meat purified the air in the body, cleansed the kidneys, or clarified the brain.

Back in Canton's five star White Swan Hotel we opened the evening menu to find a peppering of muntjak dishes on offer. Was it a coincidence that strains of "The Pink Panther" floated from the speakers of the dining room's music system? we ate prawns.

Contributors:
Kieran Cooke
Leslie Colitt
David Dodwell

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.50	8.50	8.75	Seven-day account
			9.25	Higher interest acc. 90 days' notice or charge
			6.25-8.75	Cheque-Save
Aid to Thrift	9.60	—	—	*Easy withdrawal, no penalty
Alliance	7.50	8.50	8.75	7 days' notice. Immed. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly. inc. optn. if bal. £1,000+
			9.25	Bank Save. Bal. of £2,500. Current account
Anglia	7.50	8.50	9.25	3-year bond. No notice. 3 months' penalty
			9.25	Capital share. No notice. 1 month's penalty
			8.75	7 days' notice. No interest penalty
Barnsley	7.50	9.25	9.50	2-year termshare—3 months' notice
			9.15	Special investmt. share/monthly income share
Birmingham and Bridgwater	7.25	8.45	9.50	90 d's. 90 d's not. or pen./ £10,000+ no not., no pen.
			8.80	5 d's. not. or 20 d's. pen. on amt. wdrn. imm'ly
Bradford and Bingley	7.50	8.50	9.00	Premium access. On demand, no pen. £1,000+
			9.25	High income. 3 months' notice or 90-day pen.
Britannia	7.50	8.50	8.90	7 days' notice. 9.15 28 days' notice
Cardiff	9.00	9.10	9.50	90 days' not. Penalty if balance under £10,000
Catholic	7.00	8.00	8.50	Extra share monthly income. 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	7.50	8.50	9.75	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	8.50	—	Gold. No not. No pen. Under £1,000, 7.50; Over, 9.00; £5,000+ 9.38 when monthly int. added
Citizens Regency	7.75	9.00	9.15	7 days. 9.25 1 month, 9.50 3 months
City of London (The)	7.75	9.00	9.50	3 months' notice—no penalty—monthly income
			9.20	21 days' not. im. access for amnts. over £10,000
Coventry	7.50	8.75	9.75	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 9.45 £20,000+, 9.20 £5,000+, 8.85 £1,000+ monthly inc. opt.
Derbyshire	7.50	8.75	9.50	2 y., 3 m. not. with pen. 8.75 no nt./pn. m. inc.
Gateway	7.50	8.50	9.00	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+ 9.38 if added to account
Greenwich	7.50	—	9.50	90-day a/c. (7-day a/c 8.75-9.25 subject to bal.)
Guardian	7.75	—	9.85	6 months, 9.60 3 months, £1,000 minimum
Halifax	7.50	8.50	8.75	7-day Xtra, 7 days' notice, no penalty
			9.00	28-day Xtra, 28 days' notice, no penalty
			9.25	90-day Xtra, 90 days' notice, no penalty
Heart of England	7.50	8.75	9.25	90-day notice, 8.75 5-day notice
Hemel Hempstead	7.50	9.00	10.00	90 days, 9.50 60 days, 9.25 28 days
Hendon	8.00	—	8.75	7-d. a/c min. £500. 9.25 3 mths. a/c min. £1,000
Lambeth	7.65	8.75	9.20	7-d. a/c, 9.80 Magnum a/c 6 wks. + loss of int.
Leamington Spa	7.60	—	9.10	Spa mthly. income, no not., no pen. £5,000 min.
			9.25	Lion sh., 1 m. not. or 28 days' pen. £1,000 min.
			9.65	Supershare, no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	7.50	9.25	9.00	Monthly Interest, 9.25 28 days' notice or pen. neither if £10,000 still in account
Leeds Permanent	7.50	8.50	8.75	Liquid gold. No not. no pen. (9.00 on bal. of £2,500+) HRAS 10th issue 9.25 3 months' not.
Leicester	7.50	8.50	8.75	£500+ im. wdl. no pn., 9.73 comp. 3-y. £2,000+
London Permanent	8.00	—	9.50	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	7.50	9.00	9.50	2-year term 2.00 diff. guar. 3 mth.'s not. or pen.
Mornington	*8.30	7.80	8.50	£2K+, 8.65 £10K+, 8.80 £20K+. * £2,000−
National Counties	†7.80	8.80	9.80	90 days' notice, no penalty. † £1,000+
National and Provincial	7.50	8.50	9.50	HYS (share + 2.00 guaranteed 3 years)
			9.25	90 days' notice/pen. unless bal. stays 10,000+
			9.00	28 days' not., 8.75 7 days' not./penalty as above
Nationwide	7.50	8.50	9.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			9.25	Bonus-90, 90 days' notice/penalty
			9.00	Super bonus, 28 days' notice/penalty
			8.75	Bonus-7, 7 days' notice/penalty
Newcastle	7.50	8.75	9.25	90 days' notice, 9.00 28 days' notice
			8.50	7 days' notice. On demand with penalty
			9.75	2-year term access with penalty
Northern Rock	7.50	8.75	9.50	Moneyspinner plus £20,000 or more
			9.25	Moneyspinner plus £5,000 or more
			9.00	Moneyspinner plus £500 or more
Norwich	7.50	8.75	9.05	7-day share monthly income option
Peckham	8.25	—	9.25-9.75	imm. wdl. if over £2,000. Monthly income
Peterborough	7.50	8.80	9.50	Flexi-plus 60 days' notice monthly income
Portman	7.50	9.25	9.10	Flexi-plus. Minimum £500. No notice imm. wdl.
			9.50	Prem. Min. £500. 2 months' notice. No penalty
Portsmouth	7.65	9.15	9.80	3 years, 9.60 90 days, 9.35 30 days, 9.05 7 days
Property Owners	8.00	9.50	9.80	3 mths., 9.50 6 mths., 9.35 28 days, 9.25 im. ac.
Scarborough	7.50	8.75	9.50	2-yr. limited share, 1.75 guaranteed differential
Skipton	7.50	8.75	9.70	Sovereign £10,000+, 9.35 £500-£9,999. Monthly
Stroud	7.50	8.75	9.30	inc. 9.35, min. inv. £2,500. Inst. access no pen. 3 m., 9.05 1 m., 9.05 £10,000+, no pen., no not.
Sussex County	7.50	9.00	8.80	7 days, 9.10 Sussex high, 9.40 90 days
Sussex Mutual	7.75	9.00	9.15	Over £5,000. Imm. wdl. Under £5,000 7 d. not.
Thrift	7.60	—	8.60	3-year term. Other accounts available
Town and Country	7.50	8.50	9.50	90 d. not. or pen. No not./pen. if bal. £10,000+
			9.00	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	9.35	—	—	No notice—no penalties—minimum invest. £1
Woolwich	7.50	—	8.75	7-day account. 7 days' notice
			9.00	Monthly income shares, 28 days' notice
			9.25	90-day account, 90 days' notice/penalty
Yorkshire	7.50	8.50	9.25	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK COMPANY NEWS

Another management upheaval at Sumrie

By Gordon Cramb

Sumrie Clothes, the loss-making Leeds menswear group, has entered its second top management upheaval in six months with the resignation of Mr Patrick Benson as chief executive.

Mr Benson said yesterday he had also resigned as a director of Le Chevalerique, a Monaco-based investment company which owns just over 20 per cent of Sumrie. He said this followed disagreements about the future of Sumrie with Mr Michael Hepker, its chairman, who is also associated with La Chevalerique.

Mr Benson's resignation from Sumrie took effect from January 31, but the company has yet made no announcement. Laurie Milbank, Sumrie's brokers, said it was a "moot point" whether Stock Exchange regulations would require this as Mr Benson, despite having been in day-to-day charge of the company, was not on its board.

Shares in Sumrie fell 7p yesterday to close at 55p, valuing it at £1.38m. Last year they reached a peak of 190p.

The entire directorate of Sumrie changed last August following the departure of Mr Ronald Sumrie, its former chairman. The present three-member board comprises Mr Hepker, a barrister; Mr Mervyn Shungin, another Lee Chevalerique nominee; and Mr Lance Blackstone, who represents Mr Harvey Ross, a Leeds bullion trader who has been progressively reducing his Sumrie holding and currently owns 8.7 per cent.

None of the board could be reached for comment yesterday.

In November Sumrie reported an increased pre-tax loss of £173,000 for the first half, against £94,000, on turnover up from £1.34m to £1.51m. At the same time it announced that its planned acquisition of Spalebrook, a leisure wear distributor, would not go ahead. Mr Dennis Weathers, the production director, resigned after just three months on the board.

Mr Benson said yesterday the acquisition attempt had been costly, and his efforts to improve the administration of Sumrie had been prolonged. "I felt by last month that I had reached an impasse," he said.

Sumrie has three plants in Leeds and Doncaster, employing about 270 people. It makes suits and formal wear, with customers including Dunn's and Austin Reed.

Pepe Jeans valued at £20m for USM debut

Pepe Jeans, a supplier of men's casual clothes which started life on a market stall on the King's Road, Chelsea, is going public with a capitalisation of about £20m.

Stockbroker Capel-Cure Myers is bringing the company to the Unlisted Securities Market at the end of this month.

Pepe, which is based in north west London, imports jeans and other casualwear largely made in the Far East, and distributes them to a wide range of retail outlets.

Ocean Transport

Ocean Transport and Trading, through its subsidiary, Wm Cory and Son, has reached agreement with ACC Packaging Services to purchase ACC Gases for between £1-£2m. Completion is expected early this month.

ACC Gases is one of Shell UK Oils largest packed LPG distributors, supplying a network of dealers and Shell contracted customers in an area of south east England similar to Cory's existing Shell UK Oil distributorship.

Ozalid

Pre-tax profits of Ozalid, wholly-owned subsidiary of Oce van der Grinten of the Netherlands, increased to Fl 96.4m (£23.74m) for the year ended November 30 1984, against Fl 80.4m. Turnover rose from Fl 1.66bn to Fl 1.83bn (£459.5m).

Recovery puts 39p on TSL shares

BY STEFAN WAGSTYL

TSL Thermal Syndicate, maker of vitreous silica, the raw material for electric bar fires and for silicon chips, yesterday surprised the City with a recovery from losses of £1.6m to pre-tax profits of £1.68m.

The results for the year to the end of October put 39p on the shares to 155p, increasing the company's market value by one third to nearly £15m.

The recovery follows two years of increasing losses which culminated in management changes, redundancies and a rights issue to raise cash for new production equipment.

Mr Bent Henriksen, who became managing director in 1983, said the recovery had been achieved by putting a great emphasis on sales and marketing and bringing research and development work closer to the demands of production.

Group profits were achieved on sales up 35 per cent to £16.5m, with demand growing "across the board" from customers in a wide range of industries, including electronics, fibre optics, metal refining, mining and chemicals. The weakness of the pound helped the company against its international competitors—General Electric of the U.S., Toshiba of Japan, and Saint Gobain of France.

The company's plants in Wallsend, Newcastle-on-Tyne, in the U.S. and in West Germany are all profitable. A new plant started in Japan in September, in a joint venture with Mitsubishi Metal Corporation, is said to be operating "on target."

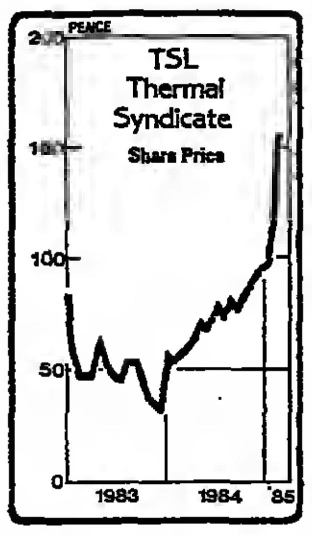
Mr William Wilkinson, chairman, said: "I look forward to 1984-85 with confidence. I am sure that we are building on a firm foundation and that the problems of the past have been overcome."

TSL, which was founded before the First World War, made its previous record profit of £1.34m in 1976. But profits tumbled, partly because of recession, and partly because of high expenditure on research and development and on a loss-making refractory welding subsidiary in the U.S.

Mr Henriksen said the company had not lost its commitment to research, but research is being more closely linked to production, with particular attention to improving quality control. The company has plans for further investment in new production plant.

After tax of £552,000 (credit £32,000), and extraordinary charges of £8,000 (£662,000) and dividends totalling £96,000 (£8,000), the retained profits are £1m (losses £1.69m).

Earnings per share are shown as 12.89p (losses 13.54p). There is a single payment of 1p (0.1p).



● comment

Rarely can the City have so underestimated the speed of recovery at a troubled company. But things have come right so quickly at TSL that despite yesterday's 33 per cent leap, they almost certainly have further to go before they catch up with events at the company. Sales are growing apace in the current year, production is being expanded and TSL is benefitting from the continuing fall in the pound. Moreover, the Japanese plant might be expected to be making smaller losses, moving towards breakeven in the second half of the year. Overall, £2.5m pre-tax looks within reach, which on a 30 per cent charge (there are tax losses to use up) puts the shares on a prospective multiple of just over eight. Admittedly, the great bulk of sales is still made to customers in traditional industries, with less than 10 per cent in optical fibres and silicon chips. But even in mature sectors the prospects for building market share look very good given the drive of Mr Henriksen. It is not too late to join shareholders who took up the rights issue at just 50p a share.

Suter in Lake & Elliot bid talks

BY ALEXANDER NICOLL

Suter, engineering, distribution and packaging group, is discussing a possible agreed bid for Lake & Elliot, the steel foundry company in which it already holds a 25.5 per cent stake.

Mr David Abell, Suter's chairman, won a seat on the Lake board in a management shake-up last year, overseen by Hambros Bank. He has led rapid expansion at Suter, which last year took over Francis Industries for £15.5m.

Suter has augmented its existing 20 per cent stake in the foundry group, which makes steel castings and valves, by buying a 5.5 per cent holding from Europco Holdings, an investment company, with which it is acting in concert.

Europco will receive and hold 302,500 new Suter shares as consideration for the Lake shares.

Lake shares rose 12½p yesterday to 78p, valuing the company at £7.8m, after the two companies made a joint statement disclosing that Suter was proposing terms of 76p in cash or 0.55 Suter shares for each Lake share. Suter shares lost 1p to 138p.

Lake is considering the offer, which follows Suter's recent acquisition of a 14.9 per cent holding in F. H. Lloyd, another foundry group.

Suter's traditional business has been the distribution of refrigeration and hair dressing equipment, but its acquisitions have added three other divisions—light engineering, heavy engineering and packaging.

Mr Abell has said previously that he wants to build up an industrial holding group along the lines of Hanson Trust or BTR. A former BL treasurer, he bought Prestcold from his former employer for £9m in 1981.

Checkpoint Europe turns down U.S. minority offer

Checkpoint Europe, a USM-quoted distributor of electronic security tags and safes, said yesterday that talks involving an offer for a minority stake in its equity had been terminated.

The company announced in December that discussions with an unnamed party "initially of a purely commercial nature had been extended to a point which could result in an offer being made for the company."

However, Mr William Nathan, Checkpoint Europe's chairman, said last night that the offer which had emerged was for 29.9 per cent of the company's shares and came from Checkpoint Systems of the U.S., the firm's main supplier.

It had sought to buy the shares from Cato Investments, which holds about 45 per cent of Checkpoint Europe's equity. Mr Nathan and the company's managing director, Mr Fritz Pichl, are the main shareholders in Cato.

Mr Nathan said the offer had been rejected since it was not made available to other shareholders and the terms, in any case, were considered to be inadequate.

Shares in Checkpoint closed last night at 145p, down 15p on the day.

Receivers for Cindico

Receivers have been called in by Cindico, a loss-making North Humberside manufacturer of nursery equipment which has been quoted on the over-the-counter market since 1983.

Mr J. V. Ayre of Ernst and Whinney, joint receiver and manager of the company, said last night that "in the face of mounting debt and inability to obtain new replacement capital, the board felt it necessary for the receivers to come in."

Cindico manufactures equipment such as pushchairs and baby bouncers retailed through mail order houses and major high street chains. It employs some 200 people.

Shares in the company, which is quoted on the market formed by Granville, have been suspended at 43p.

Mr Ayre said trading would continue under the receivers' supervision while a buyer was sought. He thought the prospects of a sale were good.

Cindico lost £676,000 pre-tax in the year to December 1983 on turnover of just over £6m, while in the first six months of last year it lost £75,000.

Berkeley Technology allocations

The offer for sale of 3.25m Berkeley Technology ordinary shares at 150p each attracted 2,744 applications for a total of 43.41m shares.

Prior to the offer announcement, Kleinwort, Benson received irrevocable commitments to apply for 18.25m shares (54.89 per cent) and applications received pursuant to these commitments will be accepted in full.

Applications in respect of the balance of the ordinary shares offered represent an oversubscription of some 1.7 times.

The basis of allocations will be: For 20,000 shares or less—allotted in full; for between 20,000 and 100,000—70 per cent of application; for between 100,000 and 400,000 shares—55 per cent of application; between 400,000 and 975,000—50 per cent of application.

SelecTV loss reduced to £157,000

SelecTV, subscription television operator based in Milton Keynes, has reduced losses from £27,000 to £157,000 for the six months ended September 30 1984, equal to 1.14p per 10p share of this USM concern, compared with 2.01p. There is again no tax.

Mr Robert Maxwell, chairman, reminds shareholders that the disappointments of the last two years have reduced the company's resources to a level where any major new initiative will require additional finance.

Against this background the chairman says that as the time for the next round of franchise applications approaches, the company is carefully reviewing its strategy in terms not only of the areas and partners available, but also of the ability to secure the funds necessary to support a successful application.

SelecTV is therefore operating only one pay-TV franchise which is in Northampton. With its plans to extend the range of services, the company is confident of increasing subscription there to a profitable level.

Turnover amounted to £214,000, against £97,000, for the six months, and the loss for the period included interest received of £43,000 (£62,000).

Mr Maxwell says he does not share the pessimistic view evidently held by those who have recently withdrawn from cable television. He points out that a company jointly owned by Pergamon Press and himself recently acquired the Rediffusion Cablevision businesses from the British Electric Traction group for £9m, demonstrating his conviction that a profitable future lies ahead for the industry.

As reported last August, losses amounted to £1.04m (£458,000) for the year ended March 31 1984 on turnover of £273,000 (£223,000).

No dividends have been paid to date.

Elbar completes disposal of lossmakers

Elbar Industries, a vehicle and agricultural machinery dealer, said yesterday that it had substantially completed a series of disposals of 11 businesses carried out over the past six months.

These had resulted in the removal of businesses which, on aggregate, had incurred operating losses of £770,000 in 1983, and a further £322,000 in the first six months of 1984.

The estimated proceeds of the disposals were £6.57m, which would substantially reduce the group's borrowings.

However, the aggregate book value of the businesses and assets sold was £8.33m, which would mean an overall estimated loss on disposal of the order of £2m, including expenses estimated at £255,000. Provision for £1m of such losses was made in the 1983 accounts and the additional estimated losses of £1m would be shown as an extraordinary item in the accounts for the year to December 31, 1984.

Mr R. P. McMurtrie, the company's chairman, said in a letter to shareholders that the group's priority in 1985 was to concentrate attention on its remaining businesses to secure a return to profitability.

Companies sold over the past six months include Elbar Raveohill, a retail agricultural dealership based in Hereford, Elbar Farm services, a similar dealership based in Morayshire, and Elbar Industrial Engines.

Aspinall stake goes to zoo foundation

Mr John Aspinall has given 5.85m shares in Aspinall Holdings to the Howletts and Port Lympne Foundation, which runs his two loss-making zoos. He told the AGM this did not mean that he was a seller of Aspinall shares, of which he still holds 15m or 28.35 per cent.

The Foundation plans to retain its shares as an investment, and can receive dividends untaxed because of its charity status. A special EGM passed the company's plan to invest in a vehicle for Sir James Goldsmith's U.S. corporate ventures.

Attwoods

Attwoods, waste disposal and gravel group, is aiming to treble the size of its U.S. operations within three to four years, it said yesterday.

Turnover of its Miami based U.S. subsidiary, Industrial Waste Services, acquired last November in a deal which trebled Attwoods size, is already running at more than $330m a year.

Mr Jack Casagrande, chief executive of I.W.S., which is the second biggest waste disposal company in Florida, is setting his sights on $100m turnover within three to four years.

KIO shows a 17.9% holding in Stylo

By Alexander Nicoll

The Kuwait Investment Office (KIO), which invests passively in many companies on behalf of the Kuwait Government, emerged yesterday as the surprise holder of a 17.9 per cent stake in the equity of Stylo, the shoe retailer.

The KIO holding gives it a 10 per cent voting stake in Stylo, which is controlled by the Ziff family who this week fought off an unusual tender offer from British Land, the property company headed by Mr John Ritblat.

The Kuwaitis are understood to have held shares in Stylo before the tender was launched, but it was unclear yesterday whether the stake had been increased before or after the tender lapsed on Tuesday.

It was thought in the City that the KIO probably bought shares after the tender was launched and then tendered them for either cash or, more likely, for British Land shares. But because not enough shares were tendered to British Land, the offer did not go unconditional and the KIO would consequently have been left with the Stylo shares.

It could also have added to its holding when Stylo's share price fell after the tender lapsed. Yesterday, Stylo shares fell 8p to 170p, compared with the 185p maximum cash price of the tender offer.

British Land's tender sought between 8m and 9.02m Stylo shares, and would have given it—including 1.49m shares which it already held and still holds—up to 50.9 per cent of Stylo's equity and 29.9 per cent of voting power. But only 6.7m shares were tendered.

The Ziffs control Stylo mainly through management shares with 16 times the voting weight of ordinary shares. The tender was thwarted by Town Centre Securities, a Leeds property company headed by Mr Arnold Ziff, who is also chairman of Stylo. TCS bought 2.14m shares in the last days of the tender offer, increasing its equity holding to 19.5 per cent.

● The KIO has sold its 7 per cent stake in Stock Conversion and Investment Trust, the property group.

Carroll calls off Gates takeover

Mr Gerald Carroll, a property developer, has abandoned plans to bid for Frank G. Gates, an East London-based Ford main dealer.

A joint statement by the Gates board and Carroll Motor Corporation said it had been impossible to obtain the approval of Ford for continuing Gates's franchise agreements on satisfactory terms.

It stressed that there had been no disagreement between the two sides since the announcement of the planned deal three weeks ago.

At that time the Gates family interests, which hold 58 per cent of the company, gave unusual undertakings pledging acceptance of any offer of at least 90p a share made by Mr Carroll before yesterday. The statement said, however, that these had lapsed.

Gates shares fell 10p to 78p yesterday, valuing the company at £6.55m.

Hepworth Ceramic buys refractories business from BSC

Hepworth Ceramic is making another attempt to bring about rationalisation in the depressed UK refractories industry.

GR-Stein Refractories, a Hepworth subsidiary, has agreed in principle to acquire the refractories business of the British Steel Corporation (BSC). Following the acquisition, BSC would retain a 22 per cent interest in GR-Stein and 22 per cent of a newly-created subordinated loan stock.

BSC Refractories had a trading loss of £2.6m on turnover of £7.4m in the year to March 31 1984. Net tangible assets of the business are said to be worth £9.9m. GR-Stein had sales of £48.8m in 1983 and profits before tax of £3.4m.

Hepworth's first attempt at rationalisation in this sector came in late 1983 when it bid for Steetley, the other major UK supplier of refractories. However, the deal was blocked by the Monopolies Commission a year ago.

Refractories, which are heat resistant bricks used to line industrial furnaces, accounted for only 14 per cent of Steetley's and Hepworth's total 1983 sales. But the two together had 40 per cent of the £100m UK market, and dominant shares in certain types of bricks. BSC Refractories has only a 4 per cent share.

The most important market for refractories is the steel industry, taking about 0 per cent of UK consumption, with the glass, cement and aluminium industries taking smaller quantities. Demand has dropped sharply in recent years, partly because of the decline in the volume of steel made, but also because of technical improvements in both steelmaking and brickmaking.

UK output of bricks has halved in the past decade and, despite plant closures, producers are still operating well below capacity.

BSC has four refractories works, at Consett and Bishop Auckland in Durham, Jarrow in Tyne and Wear and Cwbran in Gwent, and the business employs a total of 390 people. BSC and Hepworth said that discussions would now begin with trade unions about the implications of the acquisition. However, no decisions on redundancies or closures would be announced unless and until the deal was cleared by the Office of Fair Trading.

Reed's paper subsidiary may go to Wiggins Teape

Reed International is discussing the possible sale of Spicer-Cowan, its paper merchanting subsidiary, to Wiggins Teape. The move is seen as further evidence of Reed's withdrawal from the paper industry in the UK.

With annual sales of around £70m, Spicer-Cowan is the third biggest paper distributor in the UK, after Wiggins Teape itself and Robert Horne.

The market is highly competitive, and Spicer-Cowan has been under pressure in recent years. In the year to April 1984 the company moved into marginal profit at the trading level, having broken even the year before. Analysts suggest that performance this year has been better, with modest profits being achieved at the pre-tax level.

Reed, once the UK's biggest paper maker, has been closing capacity for some time, and has warned that there may be further mill closures to come.

In the six months to September 1984 the group lost £3m in UK paper making, and is to make provisions in its year-end accounts which are understood to cover in principle the sale or closure of its entire UK paper business.

Scott Amicable back in the lead with bonus rates rise

Scottish Amicable Life Assurance Society, a leading Scottish mutual life company, has announced substantial increases on its terminal bonus rates applicable to claims arising from the beginning of this month which has put the company back at the top of the performance tables for with-profit contracts.

The society has declared unchanged rates of reversionary bonus for 1984. Thus for life contracts the rate remains at £4.50 per cent of the sum assured and £5.50 per cent of attaching bonuses, while for individual pension contracts it remains at £4.60 per cent of the basic benefit and £8 per cent of attaching bonuses.

The company operates a complicated terminal bonus system for its mainstream life contracts, with rates varying according to the period in which the policy has been in force. Thus for 10 years the rate rises from 42 per cent to 83 per cent of the sum assured and attaching bonuses, while for 35 years it climbs from 76.5 per cent to 94.5 per cent of sum assured and attaching bonuses.

A much simpler system is used for other contracts. On individual pension policies the terminal bonus rate is lifted from 64 per cent to 83 per cent of attaching bonuses.

The net result of these changes is that the company is making the highest payout on maturing endowment contracts over all terms, a position it held throughout 1984.

Thus for a man aged 29 at outset, with a 10-year contract, paying a monthly premium of £10, the maturity value this month is £2,672, an increase of 15.6 per cent on the payout of £2,311 if the policy had matured in December 1984. This maturity value compares with a sum of £2,589 paid by Standard Life on a similar contract and £2,563 paid out by Norwich Union Insurance—the previous top performers.

On a 15-year term taken out by a man aged 29 at outset for a £10 premium the maturity value rises 14.2 per cent over December from £4,586 to £5,239. On 25 years the maturity value for a 29-year-old paying £10 a month rises 12.6 per cent from £12,699 to £14,311. In each case the payouts just exceed that paid by Standard Life on similar contracts.

Last year was a very good year for life company investments with strong stock market worldwide. Mr Bill Proudfoot, chief general manager of Scottish Amicable, said that this investment success, together with significant improvements in cost efficiency, had enabled the society to improve its terminal bonus rates.

Some life companies, such as Norwich Union, passed on last year's investment performance to all policyholders in the form of increased reversionary bonus rates and a special reversionary bonus payment. However, Mr Proudfoot holds the view that a life company that pays out its investment profits in the form of higher terminal bonuses is likely to pay higher benefits to its policyholders.

Security Centres

Aitken Hume, the financial services group, disclosed yesterday that it and its associates had increased their stake in Security Centres, the burglar and fire alarm installation group, to 10.1 per cent.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Activity in the bids and deals sector revived strongly this week and new developments included two £100m-plus offers.

Major UK textile concern **Tootal** found itself on the receiving end of a well-signposted £124m bid from **Entrad Investments**, one of Australia's biggest textile and clothing groups, but the 70p per share cash offer was rejected as inadequate. Tootal's share price immediately moved above the bid price on hopes that a counter may emerge.

Another takeover battle is also in prospect following a £107m bid for **Pauls**, a leading UK animal feeds manufacturer, from **Harrisons and Crosfield**. Pauls, which rejected a preliminary approach from the plantations and chemicals group last weekend, dismissed the bid terms—0.75 Harrisons shares for each Pauls share—as "entirely unsatisfactory."

The leapfrog quest for control of H & H, between London and Midland Industrials and Scottish Heritable Trust, moved into its final phase as LMI increased the value of its cash offer to £8.8m, or 325.5p per share; LMI's existing share-exchange offer will not be increased or extended beyond February 17. As with LMI's previous bids, the latest has the backing of the H & H board, but SHT still holds the advantage of a 28.8 per cent stake in Hoskins built up before the bidding started.

Banro Industries snubbed a £4.3m bid from fellow vehicle trims and components manufacturers **CH Industrials**. CHI already holds a 7.6 per cent stake in Banro and it proposes to acquire the rest of the equity through a preference share offer which values Banro at 78.75p per share. For every four Banro shares, CHI is offering three 6.65 per cent preference shares of £1. There is a cash alternative of 75p.

Control of **Charles Hurst**, the quoted Northern Ireland motor dealers, has passed to **Garvach Securities**, a private concern. A 200p per share cash bid has been accepted by two Hurst directors who speak for 29.2 per cent of the ordinary shares. When added to Garvach's existing 29.2 per cent holding, the latter has command of 58.4 per cent of the Hurst equity.

Beecham made an agreed bid for **UniBond (Holdings)**, the adhesives and sealants manufacturer which came to the USM a year ago. Terms are 45 Beecham shares for every 71 UniBond and values the latter at £13.7m. Family and associates representing some 60.2 per cent of the UniBond equity have accepted the offer.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Banro Inds	78¾	85	66	4.30	CH Industries
Bath & Portland	306¼§§	300	277	62.51	Cons Gold Fields
Butterfield-Hrvy	25*§	25	22½	3.21	Technology Inc
Causton (Sir J.)¶	110‡†	115	105	18.69	Norton Opax
Comfort Hotels	95½	93	71	59.62	Ladbroke
Cullen's Strs Ord	475*	470	365††	4.75	Whatling 105
Cullen's Strs 'A'	375*	370	360††	3.75	Whatling 105
Dunlop	22½	42½	31	32.36	BTR
E of Scot Onsbore	¶¶	75	66	**	Ind Fin & Inv Co
Elson & Robbins	84†§§	89	68	8.36	Hartons Group
Glanfield Lawrce¶	49½*	49	49	3.60	Gregory Secs
Hambro Life¶	550*	540	498†	663.00	BAT Inds
Harrison, T. C.	74*	69	49	16.7	Harrison, T.C. Grp
Hoskins & Horton	341§	338	188	9.26	Lon & Mid Inds
Hoskins & Horton	330§§§	338	279	9.51	Scottish Heritable
Hurst (Charles)	200*§	195	190	4.32	Garvagh Secs
Lake & Elliott	76§	78	65½	7.56	Suter
Leech (Wm.)¶	173§§	175	134††	25.95	Beazer (C. H.)
Lon & Mclstr Secs	11	9½	10½	3.56	Amal Estates
Pauls	325§	365	253	102.07	Harrison & Crsfld
Petrolex	58*	64	59	9.06	Clyde Petroleum
String Guarantee	74	71	325††	264.55	P & O
TMG Group	125*§	100	75	1.33	Smurfit (J.)
Tootal	70*	77	63	124.03	Entrad Corp
Trident TV Ord	249§	252	209	3.64	Pleasurama
Trident TV 'A'	237½§	247	209	110.24	Pleasurama
UniBond	225*	220	155††	13.21	Beecham
Websters Group¶	142§§	133	140	17.90	Octopus Publshg
Whittington¶	25§§§	25	22	19.76	Aitken Hume

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on February 8 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‡‡ Loan stock.

Scrip Issues

African Lakes Corporation—One for five.

Carlton Communications—One for three.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abingworth	Dec†	166	(145)	—	(—)
Astra Ind Group	Oct	63L	(68)	—	(0.13)
Christie-Tyler	Oct	122	(18)	1.3	(0.2)
Dyson, J. & J.	Sept	159	(82)	2.0	(2.0)
Flextech	Nov	2,039	(836)	—	(—)
Herrburger Brks	Nov	11L	(97)	—	(—)
Howard Shut	Oct	635	(562)	0.7	(0.67)
LDH Group	Nov	124	(91)	—	(—)
ML Holdings	Sept	423	(365)	2.0	(2.0)
Nova (Jersey)	Sept	255L	(52)	—	(1.0)
Ransom, William	Sept	172	(143)	1.65	(1.5)
REA Holdings	June	829	(214)	1.0	(—)
Reardon Smith	Sept	2,010L	(408)	—	(—)
Stocklake Hldgs	Sept	1,560	(1,470)	3.9	(3.0)
Text Jersey	Oct	317	(193)	1.75	(1.75)
Tottenham	Nov	626	(482)L	1.5	(—)
Trade Prom Serv	Oct	208L	(423)L	1.05	(—)
Trent Hldgs	Sept	259	(195)	0.42	(0.35)
Unitech	Dec	7,040	(5,330)	1.96	(1.69)
Walker, Alfred	Oct	1	(30)	—	(—)
Wigfall, Henry	Oct	487L	(—)	—	(—)
Wiggins Group	Sept	101L	(162)L	—	(1.25)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † In I£. L Loss.

Offers for sale, placings and introductions

Berkeley Technology—A full listing through an offer for sale of 3.25m shares at 150p per share.

Osborne & Little—USM placing of 1.6m shares at 125p per share.

Restway Retirement Homes—Offer for subscription of 1.26m shares at 100p per share.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aaronson Bros	Sept	3,820	(2,010)	10.4	(5.4)	4.2	(2.1)
African Lakes	July	1,260	(525)	15.7	(6.1)	1.5	(1.1)
Bluemel Bros	Sept	123L	(569)L	—	(—)	—	(—)
Bullough	Oct	10,120	(6,860)	32.0	(22.9)	13.6	(8.4)
Derwent Valley	Dec	44	(45)	110.0	(370.0)	85.0	(—)
Ford, Martin	Dec	49L	(323)	—	(1.6)	0.03	(1.05)
Gannt, Rowland	Oct	228	(42)	11.4	(2.7)	—	(—)
Independent Nws	Dec	3,030	(3,000)	—	(—)	12.9	(11.9)
Jefferson Smurf	Jan†	59,000	(13,800)	20.0	(13.3)	4.93	(3.94)
Leisuretime Intl	Oct	1,260	(588)	9.8	(6.5)	2.1	(1.8)
Newman Tonks	Oct	4,110	(2,800)	10.4	(10.3)	5.4	(5.09)
Warner Estates	Sept	3,150	(2,500)	18.9	(14.4)	15.0	(11.0)
Webber Electro	Sept	474	(344)	6.6	(6.5)	2.0	(1.75)

Rights Issues

Bullough—To raise £11.5m through a one for one rights issue at 65p per share.

Newman Tonks—To raise £5.34m through a two for seven rights issue of 6,962,632 shares at 80p per share.

Polly Peck—To raise £41.7m through a rights issue on the following basis: every 20 ordinary shares held entitles holder to £9 of 9 per cent convertible unsecured loan stock 2003-08 payable at par.

REA Holdings—To raise £2.3m through a rights issue on basis of one unit for every nine preference or ordinary shares held at 650p. One unit comprises of one new ordinary share, four new 9 per cent preference shares and one warrant.

Wigfall, Henry—To raise £2.6m through a rights issue of 2.6m 7 per cent convertible cumulative preference shares of £1 on basis of one for every two shares held.

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UK COMPANIES

INTERNATIONAL COMPANIES and FINANCE

MINING NEWS

Fourth quarter loss puts Amax $238m in the red at year-end

BY KENNETH MARSTON, MINING EDITOR

LOSSES of $259m were incurred by Amax, the American diversified natural resources group, in the fourth quarter of 1984. The loss wiped out the $21.1m (£18.9m) earned in the previous nine months and resulted in losses of $238m or $3.86 per share for the year as a whole. Losses in 1983 totalled $489m.

The bulk of the latest loss is reflected in end-year write-downs of $206m, made up of $195m in the carrying value of the company's investment in the agricultural chemicals business, and $11m in the secondary copper facilities. There was also a loss in the fourth quarter on the sale of an interest in the Beaufort Sea oil and gas properties.

Amax continued to generate operating profits at pre-tax level in the fourth quarter although they declined further to $9m from $48m in the third quarter, $57m in the second quarter and $73m in the first three months of the year. The resultant total of $187m compares with $53.4m in 1983.

Looking back on the year, Amax points to "stagnant or declining dollar prices for most metals and agricultural chemicals," citing world over-production, high interest rates and the strength of the U.S. dollar.

The strong dollar resulted in foreign competitors enjoying higher metal prices in their currencies. Consequently, they maintained high levels of production and were able to increase their share of U.S. markets.

On the other side of the coin, Amax managed further to reduce its production costs, notably for molybdenum, copper and precious metals and earned more from aluminium and iron ore. Total indebtedness was reduced by $261m with the result that net pre-tax interest charges eased to $205m from $217m.

Ok Tedi faces $800m bill for development

THE infrastructure developments which the Papua New Guinea Government is demanding as a condition of allowing the A$1.6bn Ok Tedi gold and copper mine to remain open, would cost a total of US$800m, according to Mr Richard Carter, general manager of the minerals division of Australia's Broken Hill Proprietary.

Talks between the PNG Government and its private sector partners over the future of the mine are continuing, but they remain inconclusive, Mr Carter added.

The Government has ordered Ok Tedi to close by the end of this month unless the partners produce an acceptable revised timetable for the proposed second stage of the development. This involves the construction of a permanent system for dealing with the mine's tailings (waste products), a hydro-electric power scheme to replace the present diesel system of power generation, and a seaport.

Mining at Ok Tedi is currently confined to a cap of gold ore on top of Mount Fubilan, where the deposit is located, and the authorities are concerned that the commercial partners may be preparing to pull out of the project before the second stage is implemented.

This stage involves the simultaneous production of gold and copper, and would be followed by the production of copper alone until well into the next century.

BHP and Amoco Minerals of the U.S. both have 30 per cent of the mine, with 20 per cent each in the hands of the PNG Government and a group of West German interests.

RESULTS DUE NEXT WEEK

Investors hoping that Imperial Group wil taekhltrooepp Group will take the opportunity of it preliminary results statement next Friday to announce the sale of Howard Johnson are likely to be disappointed. Imperial has said that it will not be rushed into any decision about the future of the U.S. restuarant and motel chain. Meanwhile, the group should reveal solid performances from its core UK businesses: tobacco has probably recovered from a dull first half as sales slipped far less than expected in the wake of a duty increase in last year's Budget; in brewing, property disposals should have offset the heavy cost of refurbishing many pubs and hotels; in food the benefits continue to flow from the integration of Ross and recently-acquired Young's Seafoods. Imperial should make £220m pre-tax overall (£195.3m). Rumours that the dividend might be raised dramatically in the hope of deterring potential predators are almost certainly unfounded. The final payout should be about 5.75p net (5.05p), making 8.75p for the year (7.8p).

The biggest single influence on Monday's interim results from the diverse Dalgety group will come from the far side of the globe. The sale of the company's New Zealand interests will take more than £1m off the pre-tax profits for the six months to the end of December. Difficult market conditions will also have held back Canadian lumber, and malting and animal feed in the UK. But, a strong performance from UK flour milling, following a bumper harvest which cut grain prices, should more than compensate for the weakness of other UK businesses. Elsewhere, Martin Brewer, the U.S. fast-food supplier, goes from strength to strength, and in Australia, where the group is slowly reducing its interests, Dalgety should benefit from a post-drought agricultural recovery. The group is expected to be just ahead of last year's £31.3m, on £32m-£33m.

At some point in 1984, it seemed that the year was proving ill-fated for Nottingham Manufacturing. Not only did its bids for F. Miller (Textiles) and then Johnson Group Cleaners both founder, but its knitwear sales fell victim to an unusually warm run-up to Christmas; and a shift in the season's fashion colours also left stocks somewhat adrift of demand. City analysts nonetheless expect that the year's results, due on Monday, will show cautious progress at the pre-tax level, in the £25.5m to £26.5m range against 1983's £24.56m, with maybe an extra 0.5p on the dividend. Marks and Spencer, which looks to Nottingham for as much as half its total knitwear needs, may have had trouble judging the women's market this winter, but its menswear side has shown strong growth. Nottingham's overall share of M&S orders is edging up, although margins have been tight.

Other companies reporting interim results next week include Securicor Group on Thursday, and on Friday Birmid Qualcast.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AI Industrial Products	Thursday	—	—	—
Anglo-American Securities Corporation	Thursday	1.5	3.85	1.5
Appledore, A & P	Monday	—	—	—
Birmid Qualcast	Thursday	0.33	2.0	0.66
Channel Islands and Intnl. Trust	Wednesday	—	44.0	—
Copenhagen Handelsbank AS	Wednesday	—	15.0	—
Craton, Lodge and Knight Group	Monday	—	—	—
Great Nicholson	Wednesday	1.25	2.1	1.25
Dew, George	Monday	2.3	3.4	2.3
Glasgow Shareholders Trust	Thursday	1.0	1.57133	1.071
Imperial Group	Thursday	2.75	5.05	3.0
Investors Capital Trust	Tuesday	1.5	1.95	1.5
Killinghall (Rubber) Development Syndicate	Thursday	8.0	17.5	3.0
Manchester Ship Canal	Monday	—	5.5	—
Newmarket Company	Monday	—	—	—
Nottingham Manufacturing Company	Monday	1.35	4.85	1.45
PLM AB	Tuesday	—	—	—
Quest Automation	Friday	—	—	—
Scottish Agricultural Industries	Thursday	6.5	12.0	—
Scottish American Investment Company	Wednesday	1.5	3.35	1.7
Securicor Group	Wednesday	0.44	1.0	0.49
Security Centres Holdings	Wednesday	0.8	1.4	1.0
Tribune Investment Trust	Thursday	0.8	1.375	0.55
Trust of Property Shares	Thursday	—	0.3333	—
Wagon Finance Corporation	Thursday	0.825	1.875	0.875
Yeoman Investment Trust	Thursday	2.5	5.2	3.0
INTERIM DIVIDENDS				
Ariel Industries	Wednesday	—	—	
Dale Electric International	Thursday	1.5	3.0	
Dalgety	Monday	11.0	13.0	
Elbief	Thursday	0.44	1.18	
Haslemere Holdings	Monday	2.0	3.6	
Manganese Bronze Holdings	Monday	—	2.5p	
Milbury	Thursday	2.45	2.95	
Old Court International Reserves	Thursday	—	—	
Our Price	Monday	—	—	
Praso Tools	Monday	0.8	1.35	
Priest Marians Holdings	Tuesday	—	—	
Proilmeter	Monday	—	0.7	
Stonehill Holdings	Tuesday	1.0	2.0	
Tweefontein United Collieries	Thursday†	41.0	43.0	
United Real Property Trust	Tuesday	3.0	7.0	
Whitworth Electric (Holdings)	Tuesday	—	1.509	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Profits after tax.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Drayton Far East	0.7	April 1	0.45	1.1	0.85
John Kent int.	‡0.43	April 9	—	—	0.8
Second Alliance Tst. int.	5	April 4	3.25	—¶	12.5
TSL Thermal	†1	April 2	0.1	1	0.1

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Minimum 9.25p final forecast.

BankAmerica revises loss provisions sharply upward

BY WILLIAM HALL IN NEW YORK

BANKAMERICA, the second biggest U.S. banking group, has been forced to revise its fourth-quarter net income sharply downwards because losses on certain mortgage-backed securities are much higher than at first thought.

The San Francisco based banking major is struggling to reverse a four-year earnings decline caused by an above-average level of non-performing loans.

It is adding another $58m to an earlier $37m provision against problems with faulty mortgage loan pools for which it served as escrow agent and trustee.

Fourth-quarter net income has been revised downwards from $73m to $44m, leaving the quarterly dividend uncovered. Full-year net income is down 12 per cent to a restated $346m.

Mr Leland Prussia, BankAmerica's chairman, said the group had decided to increase its reserve because of "new information."

BankAmerica acted as escrow agent and trustee for pools of mortgage loans, which were packaged by an unrelated company and used by that company as collateral for mortgage-backed certificates sold to institutional investors. The packages later proved to be faulty. BankAmerica says that the securities covered mortgages on almost 1,000 properties.

The bank offered to exchange cash and mortgages from the bank's portfolio for the investors' interests in the mortgage pools. The bank says that its $95m provision "represents the difference between the $133m cost to the corporation of purchasing the investors' interests and the estimated value of the underlying mortgages."

Merger of four gold mines sought

By Jim Jones in Johannesburg

A MERGER of the four Orange Free State gold mines managed by Anglo American Corporation will optimise exploitation of remaining ore reserves, maximise utilisation of capital assets, create a stronger financial base and extend the lives of the mines, Mr Peter Gush, the chairman of AAC's gold division, said yesterday in Johannesburg.

Terms of the merger, which is intended to combine Free State Geduld, President Brand, President Steyn and Western Holdings, will only be determined, Mr Gush said, when permission for the amalgamation had been received from South Africa's Department of Mineral and Energy Affairs. The authorities have been asked to agree to the enlarged mining operation operating under a unified tax and lease formula rather than different formulae for each individual property.

Considerable synergistic benefits will be derived from the merger, Mr Gush says, while the combined property will immediately have about 350m tons of ore in reserves containing about 2,500 tons of gold. At an annual milling rate of 20m tons, annual gold production is expected to average approximately 113 tons.

Additional ore reserves are expected to be developed to the east of Free State Geduld, to the south of Presidents Brand and Steyn and to the north of Western Holding's Erfdeel division. This, however, will depend on full exploitation of the combined relatively rich basal reef reserves which will allow full exploitation at marginal cost of other, lower grade gold reefs. At present Basal Reef supplies 71 per cent of mill feed and the other reefs 29 per cent.

Anglo executives are to visit Toronto next week to explain the merger's expected benefits to U.S. and Canadian shareholders.

Icahn amends terms of Phillips Petroleum offer

BY OUR NEW YORK STAFF

MR CARL ICAHN, the Wall Street financier, said yesterday that he is dropping his plans for a $55 a share tender offer for 51 per cent of Phillips Petroleum and instead was planning to begin a $57 a share tender offer for 25 per cent of the company, which will cost $2.2bn.

Mr Icahn made his move a day after Phillips had rejected his earlier proposal, sweetened its own recapitalisation plan and said it would only agree to being taken over if a friendly suitor was to offer $62 a share cash to all Phillips' shareholders. Wall Street analysts said yesterday that probably only Exxon, the world's biggest oil company, could afford Phillips at that sort of price.

Phillips shares rose $¼ to $50⅛ in heavy trading early yesterday as analysts speculated whether Phillips' heavy defences would be sufficient to ward off a persistent corporate raider, like Mr Icahn.

Mr T. Boone Pickens, whose earlier interest in the company precipitated its controversial recapitalisation plan, has been promised $53 a share cash for his stake, but Mr Icahn has said that he will not be "greenmailed" in his pursuit of Phillips.

Major Deutsche Bank offshoot has steady year

BY JOHN DAVIES IN FRANKFURT

THE LUXEMBOURG subsidiary of Deutsche Bank, West Germany's largest bank, kept up its earnings last year despite pressure on interest rate margins in the Euromarkets.

However, Deutsche Bank Compagnie Financiere Luxembourg has again adopted a cautious policy of putting its entire results into risk provisions, boosting them to almost DM 1.5bn ($463m).

Operating earnings for the 1984 calendar year reached about DM 310m, and after taking into account other income tax valuation factors, results were put at a little over DM 300m.

Previous results covered 15 months to the end of 1983 as the subsidiary prepared to change its reporting to a calendar year basis.

Dr. Robert Ehret, a member of the Deutsche Bank board, said that the Luxembourg subsidiary managed to keep its overall earnings situation stable last year, with operating results actually exceeding the previous results on a comparable 12-months basis.

He said the bank had taken steps early to raise funds under optimum conditions. The strengthening U.S. dollar had also increased the D-mark value of its dollar income.

Business volume of the Luxembourg subsidiary rose 16 per cent to DM 32bn, with much of the increase due to the rising value of the dollar.

The volume of credit was also up 16 per cent to DM 26.6bn, largely reflecting the stronger dollar. The bank's international credit policy has remained selective and restrained, with long-term lending declining.

Short and medium-term lending has become relatively more important in the DM 16.8bn total of advances to customers, the largest component of the Luxembourg subsidiary's credit volume. While short and medium term lending made up half of this total in previous years, it now makes up two-thirds.

ANZ takes control of merchant bank

MELBOURNE — Australia and New Zealand Banking group (ANZ) announced yesterday that it has agreed to acquire the interests in an Australian merchant bank held by Bank of Montreal, Irving Trust and Mitsubishi Bank for an undisclosed sum.

ANZ said the agreement means it will have 100 per cent control of Australian International Finance Corporation (AIFC) as soon as the necessary formalities are complete.

It described AIFC as a leading local merchant bank that provides a full range of services, including those involving the money market and foreign exchange as well as overseas financing and advisory services.

AIFC, which has assets of A$601.8m (U.S.$471m) and had a profit of A$3.3m for the year ended June 30, is currently 40 per cent owned by ANZ with the Bank of Montreal, Irving Trust and Mitsubishi Bank each holding 20 per cent.

● Philip Morris (Australia) has reported a net operating profit of A$14m for the six months ended December 31, up 5 per cent from A$13.3m.

The cigarette and wine producing company said per share earnings fell to 54.7 cents from 58.8 cents due to expanded capital from a one-for-eight scrip issue made in October. The interim dividend was unchanged at 17.5 cents a share.

Sales rose 11 per cent to A$294.3m from A$266.1m. It said overall cigarette industry sales were down slightly.

AP-DJ

Poclain to pull out of hydraulic components

By David Marsh in Paris

POCLAIN, France's loss-making hydraulic excavators group, is negotiating to sell its hydraulic components division to Vickers of the U.S., a unit of the Libbey-Owens-Ford group.

The decision, part of a continuing effort to concentrate activities on the construction machinery market, was announced yesterday by Poclain along with preliminary indications of the 1984 results. The company said its second-half deficit fell significantly from the net losses of FFr 184m ($18.6m) in the first half of 1984.

With the company still facing "an extremely difficult period," sales volume for the group last year was around the same as in 1983, when turnover was FFr 2.9bn. Poclain already lost FFr 198m in 1983 and FFr 283m in 1982.

Poclain, which is owned 44 per cent by Case-Tenneco of the U.S. following a series of rescue packages over the last few years, also announced that M. Pierre Bataille, the son of the company's founder in 1927, is leaving his post as head of the supervisory board.

A group headed by M Bataille, who chaired the executive board between 1967 and 1983, made an alternative offer to take over the hydraulics division.

As a result, he deemed it "appropriate" to submit his resignation from the supervisory board and all other Poclain posts at the same time, a communique from Poclain said.

The offer from Vickers, the world leader in hydraulic components, was judged by the supervisory board to be better for the long-term interest of the group. Vickers, which already has production facilities in the UK and Germany, has indicated its desire to invest significant amounts of funds in the hydraulics division, based at Verberie, which has turnover of around FFr 420m.

Centrafarm gains otc shares quote in U.S.

By William Dawkins

CENTRAFARM GROUP, a leading Dutch maker of generic pharmaceuticals, has achieved a quotation on the U.S. over-the-counter market.

The company has sold 1m new shares at $6.75 each through underwriters L. F. Rothschild, Unterberg, Towbin to raise $5.5m after expenses. It plans to use $3.5m of the proceeds to expand its operations in the Netherlands, where it intends to launch four new generic drugs this year. The balance will be used for working capital and to expand into the West German market.

Centrafarm is capitalised at more than $30m at the placing price. The group's net income in the nine months to last September was $1.1m on sales of $14.2m.

Following the offering, Alta Berkeley, a venture capital group, holds 20.8 per cent of the equity, with another 38.9 per cent held by E. M. Warburg, Pincus and Co., a venture capital investor and management buyout specialist.

Central bank bid to save Sul Brasiliero

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S central bank has intervened in the activities of Sul Brasiliero, a major financial group with total deposits estimated at U.S.$2.3bn. The move is believed to be the largest corporate rescue ever mounted in Brazil.

Sul Brasiliero, the country's thirteenth largest privately-owned financial group, has 389 bank branches — concentrated mainly in the south and south-east of Brazil — and an estimated 1.5m account holders.

Yesterday morning the Government temporarily took over the administration of five financial institutions in the group, including Banco Sul Brasiliero, a medium-sized commercial bank and flagship of the group. In addition, it has ordered the winding up of two housing finance subsidiaries.

The rescue operation followed the failure of attempts to find a "market solution" for the problems of a group in discernible difficulties since the end of 1982.

Sr Affonso Celso Pastore, the central bank governor, said the decision to intervene had been taken following Sul Brasiliero's failure to honour a Cr 100bn (U.S.$28m) debt to agricultural co-operatives in Rio Grande do Sul state.

Hours of negotiations earlier this week with the country's leading banks failed to produce a private rescue package. The talks reportedly broke down on the refusal of Sr Amador Aguiar, president of the supervisory council of Bradesco, the largest privately-owned financial group in Brazil, to participate.

At least two proposals to purchase the troubled group, including one from Citibank, through its Crefisul investment bank subsidiary in Brazil, were presented to the central bank. But these were apparently rejected as inadequate.

The size of the group's uncovered liabilities is put unofficially at Cr 800bn.

Sul Brasiliero had foreign debts totalling U.S.$146m at the end of June 1984. These will almost certainly be taken over by the Federal Government.

Sul Brasiliero's commercial and investment banks had been suffering increasingly serious liquidity problems in recent months. The root of its problems date back to the losses suffered with the failure of the Coroa-Brastel financial group in 1983 and the bad debts of a large agricultural co-operative.

Majority control of the Rio Grande do Sul-based group is in the hands of Montepio da Familia Militar, a military family pension fund.

Better export conditions boost Haggie's results

BY OUR JOHANNESBURG CORRESPONDENT

HAGGIE, the South African engineering and mining equipment company, benefited strongly from continued capital spending by the mining industry and improved export conditions in 1984. Turnover increased by 42 per cent to R462m ($234m) from R325m while pre-tax profit rose 29 per cent to R63.1m ($34.1m) from R48.8m.

The directors say that strong exports, which were helped by the rand's persistent weakness against the dollar, and sustained demand from the mining sector helped cushion the effect of significant sales declines in non-mining domestic markets.

Haggie sold its 49.9 per cent interest in Chloride South Africa, the troubled battery and electrical products manufacturer, in October last year and acquired control of Macdem and R. Jackson, the steel and engineering firms, at mid-year.

Mr Richard Savage, the managing director, believes that 1985 will be a difficult year largely because sales to the agricultural sector will continue to be affected by drought and high interest rates.

Earnings per share increased to 160 cents from 143 cents and the total dividend has been raised to 73.5 cents from 70 cents.

Lion Match earnings hit by increased tax rate

BY OUR JOHANNESBURG CORRESPONDENT

LION MATCH, the 64 per cent-owned South African subsidiary of Wilkinson Sword, suffered from cost increases and severe competition in the financial year ended November 30.

Though turnover rose by 14.3 per cent to R95.2m ($49.5m) from R83.3m, operating profit before interest and tax increased by only 12.1 per cent to R12.0m from R10.7m.

Taxed profit dropped to R6.7m from R7.2m as a result of an increased effective tax rate and rising interest.

Competition was minimal in the match market, in which Lion was a virtual monopoly. However, competition intensified in the consumer non-durables and household goods markets.

An unchanged total dividend of 41 cents a share has been declared, though earnings per shares slipped to 76.4 cents from 81.5 cents.

Adolph Saurer in profit

BY JOHN WICKS IN ZURICH

ADOLPH SAURER, the Swiss engineering concern, has returned to profit for 1984 following a 30 per cent rise in turnover to SwFr 556.5m ($201.5m).

The company, which has carried out a major reorganisation programme, has reported losses for the last five years.

The improvement in business last year is attributed to increased sales of textile machinery and a large-scale Swiss Army order for road vehicles. Prospects for 1985 are seen as "favourable."

● Nissan Motor has bought its Swiss car distributor, Nissan Suisse, from the local owners. Nissan sold 10,550 cars in Switzerland in 1984, 3.9 per cent of the Swiss market.

WORLD STOCK MARKETS

WALL STREET

Easier on economic warnings

AN EASIER TREND developed on Wall Street yesterday, when the market reacted to warnings about the economy from Fed chairman, Paul Volcker.

By 1 pm the Dow Jones Industrial Average was off 2.20 at 1287.88, reducing its rise on the week to 10.16, while the NYSE All Common Index, at $105.25, was up 7 cents on the day and $2.02 on the week. Trading volume fell 21m shares to 95m, compared with 1 pm Thursday.

Speaking before Congress yesterday, Volcker said unrestrained Budget deficits could eventually trigger an economic recession.

He also predicted that business would grow this year between 3.5 per cent and 4 per cent.

Toy issues continued to be helped by an industry trade fair this week. Coleco rose $1 to $14½ and Tonda, which on Thursday split its stock, moved up $1¾ to $51½.

Other gainers included John Blair $1¾ to $24½, Upjohn $1½ to $72½ and MCA $1½ to $47½.

Chicago Milwaukee improved $2½ to $176—an Appeals Court judge picked a lower priced acquisition bid for the company over one by Chicago North Western, which then withdrew its offer.

Corroon and Black advanced $1¾ to $40½, Pan American Banks $1½ to $25½ and Upjohn $2 to $73.

Takeover speculation kept Phillips Petroleum at the top of the active list, up $½ to $50½. Investor Carl Icahn changed his plans for a partial tender offer for Phillips shares.

K Mart, still weak from its disappointing earnings forecast, shed another $¾ to $38¾—it was the second most active issue with nearly 1.4m shares traded.

Closing prices for North America were not available for this edition.

Safeway rose $1½ to $30½ in active trading—on Thursday it reported lower but better-than-expected fourth-quarter profits.

Pepsico put on $1½ to $46½ in heavy trading—several analysts changed their opinion on the soft drink company following a meeting with management on Thursday.

CBS gained $2¾ to $81 because of a published report about a conservative political group's designs on the company.

Katy Industries were down $1¾ to $36½—it rose Thursday after saying it was discussing sale of its railroad.

THE AMERICAN SE Market Value Index lost 0.51 to 230.70, reducing its rise on the week to 6.74. Volume declined 2m shares to 11m, compared with 1 pm Thursday.

CANADA

Stock prices were slightly lower in heavy trading at mid-session.

The Toronto Composite Index was off 3.4 at 2,612.2. Metals and Minerals 3.4 to 2,182.0, Golds 9.4 to 3,110.0 and Oil and Gas 4.4 to 3,233.9. All 14 of the major stock groupings were lower but the losses were modest.

Volume-leader Dome Petroleum further improved 20 cents to $3.10—it completed its debt restructuring earlier this week.

Husky Oil firmed ¼ to $11¼ on fourth quarter profit of 38 (20) cents a share.

TOKYO

Buying enthusiasm boosted the Nikkei-Dow Jones Average another 68.21 to a record closing high of 12,009.01, for an advance of 185.58 in the past three days. Volume 430m (380m) shares.

Share prices surged forward in active trading encouraged by Wall Street's rise Thursday.

"The money's there and the market is basically strong," one dealer said. Investment centred on recent star drugs and biotechnology shares, dealers said.

The broader based SE index added 1.51 at 924.45, as it traded 20m (17m) shares.

Since the last record high close at 11,992.31 on January 31, drugs have played an important role in market average movement.

One dealer said almost all the market average gains yesterday can be credited to Dainippon Pharm's rise of Y630 to Y6,300, because each of the 225 shares in the average exerts an effect equal to about 10 per cent of their individual rise, in this case about Y65. "No special factors led to Dainippon Pharm's rise yesterday, just buying fever," he added.

Some shares not in the 225 also rose yesterday and the market can be called firm, but it did not advance across the board. Also, yesterday's gains were due to major securities houses gathering their buying power and throwing it into this selected share, he added.

Most drugs firmed and spurred biotechnology-related foods and chemicals, with Yamanouchi Pharm soaring Y290 to Y4,360, Daiichi Seiyaku Y50 to Y1,960 and Toyojozo Y60 to Y1,520.

Several dealers said investors were unwilling to commit themselves aggressively ahead of the three-day weekend. The exchange will be closed Saturday and again on Monday for a national holiday.

GERMANY

Widely mixed in active trading with some shares partially recovering in late trading from lows reached after profit-taking.

Markets were largely technical, with professional operators taking profits and squaring books ahead of the weekend, and foreign investor demand weakening after the firmer tendency in the past two sessions. The easing of bonds also depressed trading somewhat.

The Commerzbank 60 share index, calculated at midsession, fell 3.1 to 1,162.6, but was still 23.4 higher than on Monday.

News that talks on the future of the OK Tedi Mine in Papua New Guinea were inconclusive little affected the project's German participants, with Degussa rising DM 4 to DM 369 and Metallgesellschaft DM 1.30 higher at DM 234.80.

HONG KONG

Markets recovered from three days of declines, as overseas institutional buying lifted most share prices higher.

The Hang Seng market indicator, at 1,347.88, regained 35.45 of the 50 points previous three sessions loss. Combined turnover HK$387.67m up from HK$265.74m.

The market was bolstered by several of unconfirmed corporate rumours, most centering on possible takeover bids of some small public companies. But one broker said the real impetus behind Friday's gains was a surge of buying interest from overseas institutions.

"They were buying again for the first time in a week," the broker said. "Interest built up in London Thursday night and simply carried through," he added.

AUSTRALIA

Weaker commodity prices and uncertainty over the direction of the Australian dollar helped push prices lower, despite gains in New York and London.

Recent losses in the dollar's value against the U.S. unit left investors uncertain about the directions of the currency and local interest rates, some brokers said.

The All Ordinaries index was 5.5 points lower at 772.6, the All Industrials 3.6 at 1,166.2, the All Resources 6.7 at 471.1, and Metals and Minerals 7.3 at 439.5.

Brokers said resource shares dropped as the gold price again fell below US$300 and also because commodity prices have failed to meet expectations of a few weeks ago.

Oils were mostly lower following another disappointing result from Timor Sea exploration. Broken Hill Proprietary, off 10 cents at A$5.18, reported it abandoned another well off the Northern Coast of Australia late Thursday.

Woolworths, the object of heavy speculative buying, finished steady at A$3.40. Wormald lost 10 cents to A$3.30 after TNT denied it has been seeking its shares. Life Savers lost 3 cents to A$3.55—Nestle is offering A$3.30 a share.

Sarich Technologies, high-technology stock with U.S. negotiations pending, improved 40 cents to A$5.40.

JOHANNESBURG

Gold shares closed easier but above their day's lows in very quiet end-week trading, as the rand retreated sharply from its morning highs in late trading.

NEW YORK

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK ACTIVE STOCKS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar very firm

The dollar rose sharply in late trading yesterday, inspired by a wave of speculative buying in early New York trading. It touched a 13-year high against the D-mark, an 11-year high against the Swiss franc and pushed sterling down to equal its record closing low. Many European currencies including the French franc and Italian lira finished at all time lows.

Despite the proximity of the weekend, the absence of any concerted central bank intervention encouraged further demand, with sentiment underpinned by fears that a continued increase in the Federal budget deficit would reduce the scope for any significant fall in rates. The dollar closed at DM 3.2575 against the D-mark up from DM 3.2450 and SwFr 2.7750 from SwFr 2.7600.

Sterling suffered towards the close, having held steady for much of the day. It closed at $1.1100-1110, having touched $1.1090. Its index finished at 71.8 down from 72.0 on Thursday, having touched a best level of 72.2 at 10 am. Against the D-mark it fell to DM 3.6150 from DM 3.6225 and SwFr 3.08 from SwFr 3.0825. It was also lower in terms of the yen at Y289.5 from Y291 and FFr 11.04 compared with FFr 11.0550.

£ in New York

	February 8	Prev. close
£ spot	$1.1096-1.1108	$1.1120-1130
1 month	0.48-0.44pm	0.47-0.46pm
3 months	1.12-1.05pm	1.21-1.18pm
12 months	3.00-2.80pm	2.55-2.43pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX

(Bank of England)

POUND SPOT—FORWARD AGAINST POUND

DOLLAR SPOT—FORWARD AGAINST DOLLAR

OTHER CURRENCIES

EXCHANGE CROSS RATES

MONEY MARKETS

Further shortage

Larger term rates were a little easier in London yesterday, despite sterling's weaker trend towards the close of business, while short-term rates remained firm, reflecting a record shortage of day-to-day credit. Three-month eligible bank bills were bid at 12½-12⅜ per cent down from 12⅝-13 per cent while three-month interbank money eased to 13⅛-13⅜ per cent from 13⅜-13½ per cent. Weekend interbank money touched a high of 15 per cent before finishing at 14⅞ per cent.

The Bank forecast a shortage of around £1,450m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £376m and Exchequer transactions a further £795m. In addition there was a rise in the note circulation of £275m and banks brought forward balances £20 below target. To help alleviate the shortage the Bank offered an early round of assistance of £541m. This comprised sale and repurchases agreements on £281m of bills at 13⅞ per cent, for resale on February 14 and £260m at 13⅞ per cent, unwinding on February 15.

Further help in the morning came to £505m and comprised purchases of £5m of Treasury bills and £13m of local authority bills in band 1 (up to 14 days) at 13⅞ per cent. It also arranged sale and repurchase agreements on £446m of bills at 13⅞ per cent, for resale on February 14 and £41m at 13⅞ per cent, for resale on February 15.

The forecast was later revised to a shortage of around £1,350m before taking into account the early help and the Bank gave additional assistance in the afternoon of £120m. This comprised purchases of £10m of eligible bank bills in band 2 (15-33 days) at 13⅞ per cent and sale and repurchase agreements on £110m of bills at 13⅞ per cent, unwinding on February 15. The Bank also gave late assistance of £45m, making a total of £1,211.

The Bank also announced its intention to increase the amount of temporary aid, given to the market to offset the distortions caused by the tax paying season, to a maximum of £4bn. Banks may utilise each of the two new facilities by up to 2 per cent of their eligible liabilities. The first part will replace an existing £2bn facility when it matures on February 14 and will run until March 14.

UK clearing banks base lending rate 14 per cent since January 28

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

ECGD Fixed Rate Export Finance IV: Average Rate of interest period January 2 to February 1985 (inclusive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from February 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 12.3781 per cent. Certificates of Tax Deposit (Series 6): Sales temporarily suspended. Rates prior to suspension were: Deposit £100,000 and over held under one month 14¼ per cent; one-three months 14 per cent; three-six months 13¾ per cent; six-nine months 13½ per cent; nine-12 months 13¼ per cent. Under £100,000 12¾ per cent from January 30. Deposits held under Series 9 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. February 8)

3 months U.S. dollars	
bid 8 1/16	offer 8 3/16

6 months U.S. dollars	
bid 9 3/8	offer 9 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

‡ Unquoted. (g) Madagascar. § Ghana cocoa. (x) April. (w) Feb-Mar. (z) March-April. (y) March. (u) May.

REVIEW OF THE WEEK

Zinc leads London metals price rise

BY OUR COMMODITIES STAFF

BASE METALS prices on the London Metal Exchange (LME) were mostly higher on the week led by zinc, which gained £20 to £755 a tonne for the cash position.

The zinc market got off to a strong start encouraged by news that LME warehouse stocks fell to the lowest level for 10 years last week. The weakness of the pound early in the week also tended to boost the price.

Last week's fall in LME copper stocks was expected and had little effect on prices, but the market began the week on a steadier note in reaction against falls registered in the preceding few trading days. Sterling's decline lent further strength and copper prices reached 5-year highs at one point before a downturn in the New York market prompted speculative selling in London. Cash high grade copper, which earlier hit £1,269.50 a tonne, ended only £3 up on balance at £1,247.50 a tonne.

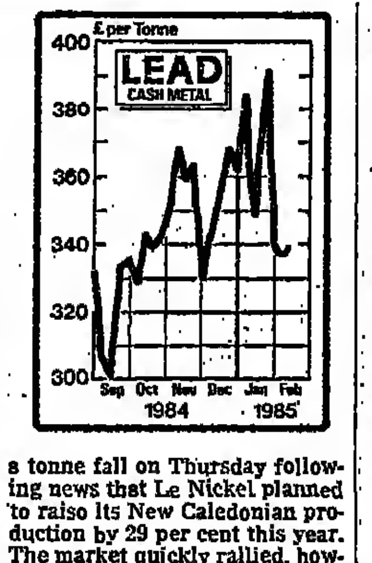
Increased selling pressure in mid-week, coupled with news of Asarco cutting its domestic selling price, depressed lead values and wiped out gains registered earlier in sympathy with other metals. The market steadied yesterday, however, on reports that there was a lack of surplus metal in Europe, and the cash quotation ended £0.50 down on the week at £339.50 a tonne.

News that Alcoa was shutting a 34,000 tonnes a year aluminium potline, which was released late on the preceding Friday, boosted LME aluminium values on Monday. Further gains were made only to be pared back on Thursday but prices moved ahead again yesterday influenced by concern that Feerncom of Switzerland's withdrawal from metal trading, pending a review of "problematic" aluminium positions, might lead to enforced covering of short positions. Cash aluminium gained £19 yesterday to end the week £25 higher at £995.50 a tonne.

Early gains on the nickel market were wiped out by a £97.50 a tonne fall on Thursday following news that Le Nickel planned to raise its New Caledonian production by 29 per cent this year. The market quickly rallied, however, and a £75 rise yesterday left cash metal £27.50 up on the week at £4,540 a tonne.

London's soft commodity markets were relatively quiet this week except for cocoa, which ended £42.50 up in the May position at £2,256.50 a tonne after reaching a 7½ year high of £2,266.50 a tonne earlier.

Coffee prices fell back after failing to hold a break through the £2,400 a tonne barrier for May delivery and were pushed lower yesterday by currency factors and a sharp decline in the New York market.



BASE METALS

COPPER

LEAD

ZINC

TIN

ALUMINIUM

NICKEL

SILVER

Silver was fixed 1.15p an ounce lower for spot delivery in the London bullion market yesterday at 549.5p. U.S. cent equivalents of the fixing levels were: spot 613.5c, down 1.6c; three-month 626.35c, down 0.95c; six-month 641.05c, down 0.95c; and 12-month 674.2c, up 1.15c. The metal opened at 548-551p (612-615c) and closed at 547½-550½p (608-611c).

COCOA

COFFEE

GRAINS

RUBBER

INDICES

AMERICAN MARKETS

PRECIOUS METALS traded lower with currencies, with silver subject to more speculative selling than gold, reports Reinold Commodities. Copper was unchanged as heavy arbitrage selling was offset by a force majeure declaration at a Mineroperu mine. Aluminium was fractionally higher as commercial and dealer buying offset arbitrage pressure. Sugar moved sharply lower after selling by a technically orientated fund triggered stop-loss selling and long liquidation. Coffee prices fell sharply on the Brazilian auction results indicating sizeable quantities being channelled into the market. Cocoa was steady lacking fresh incentives with buyers cautious because of the weakness in sterling. Cotton rallied on short-covering by commission houses as critical resistance levels were penetrated. Heating oil was strong nearby as product tightness in the U.S. and Europe limited selling to distant months. Soyabeans were slightly lower as reports of additional rains in Brazil activated commercial selling.

NEW YORK

CHICAGO

OIL

Brent firmed 25c while Nymex was 27c up by 1 pm EST. The petroleum products market firmed across the board due to scarcity of prompt gas oil, which was quoted at $249-251 cif N.W. Europe, with late-February deliveries $4 lower. Demand from the CEGB in the UK matched supplies which firmed prices in the U.S. and Europe—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.40-27.50	—
Arab Heavy	26.60-26.70	—
Dubai	27.00-27.05	—
Brent Blend	28.85-27.90	—
W.T.I. (1pm est)	27.40-27.80	+0.10
Forcados (Nigeria)	28.05-28.20*	—0.05
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	233-235	+1
Gas Oil	240-251	+4
Heavy fuel oil	157-161	+1

* February; rest March. Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb	245.50	+7.50	246.75-38.75
March	230.00	+4.00	230.50-26.25
April	220.70	+0.50	221.25-18.00
May	217.00	—0.75	218.00-16.25
June	216.50	+1.50	216.50
July	214.50	—0.50	214.50
Aug	216.00	+0.50	—

Turnover: 2,634 (2,507) lots of 100 tonnes.

GOLD

Gold fell $2¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $299-299½. The metal opened at $300½-301 which proved to be the day's high and touched a low of $298¼-299¼. The softer trend was principally a reflection of the dollar's rise to record highs.

GOLD BULLION (fine ounce) Feb. 8

Close	$299-299½	(£269¼-269¾)
Opening	$300½-301	(£269¼-269¾)
M'n'g fix	$300.50	(£268.825)
Aft'n'n fix	$299.80	(£265.590)

GOLD AND PLATINUM COINS

LONDON FUTURES

SOYABEAN MEAL

SUGAR

LONDON DAILY PRICES—Raw sugar

PIGMEAT

POTATOES

LONDON STOCK EXCHANGE

MARKET REPORT

Gilt-edged drift back from higher early levels
Equity advance stalls on end-account sales

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18

* "New-time" dealings may take place from 8.30 am two business days earlier.

Short term investors decided to realise profits on the last session of the trading Account and their sales reversed an early extension of Thursday's advance in London stock markets. The undertone of the two principal investment areas, however, remained very sound with traders forecasting further headway when the new trading period gets underway on Monday.

Reflecting sustained foreign buying late the previous evening, Government securities opened higher but demand was insufficient to maintain the price levels and the subsequent appearance of light profit-taking sales soon brought a reaction. Domestic institutional support was probably tempered by none-too-favourable comment about the market's trend since the sharp rise in clearing bank base rates.

Also inhibiting interest was the strong possibility of new Government funding, and shortly after 3.30 pm the issue of £800m of Exchequer 11 per cent 1990 was announced; the stock is payable £20 on application at a minimum tender price of £97½. When Gilt dealings resumed after the usual recess, all quotations moved a shade easier although the shorts retained fractional improvements in contrast with the long which closed ¼ down on the day. Index-linked Gilts eased similarly, despite the authorities having earlier disposed of the remaining supply of Treasury 2½ per cent 2003, at 90. Sterling's late fall against a dollar, again hitting new peak levels, was also a restraining influence.

Leading shares were initially responsive to Wall Street's overnight rise and hopes were high that the FT Ordinary share index would breach 1,000 again. End-Account selling, however, found jobbers reluctant to increase their book positions and the situation changed quite quickly.

Confidence began to return ahead of the New York market's opening, but the Federal Reserve chairman's repeated warning that large Budget deficits and massive capital inflows were threatening U.S. economic prospect subdued both centres. The upshot was that the FT Ordinary share index, after being 5.1 up initially and 4.7 down later, closed 0.7 off on the day at 988.5. Over the week, the index was 11 points higher.

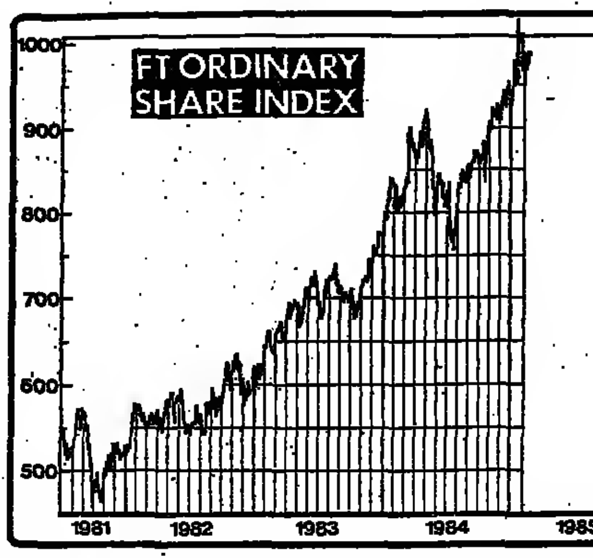
Clearers below best

Heeding a broker's forecast of a cheerful dividend season next month, investors chased the major clearing banks higher from the opening. Rises of up to 20 or so were soon recorded before profit-taking developed reducing them by more than a half. NatWest, the first clearer to report preliminary figures on March 5, closed 10 better at 688p, after 695p, while Lloyds firmed 11 to 608p, after 620p. Barclays closed only a couple of pence dearer at 645p, after 655p, and Midland finished the same amount up at 347p, after 353p. Elsewhere, Standard Chartered were volatile, rising to 543p, before easing sharply late to close only 2 up on balance at 525p.

Movements among Breweries again favoured holders, although business was generally slack and most prices finished below the day's best. Bass continued to benefit from a broker's lunch and touched 517p before settling 5 up for a two-day advance of 27 to 515p.

Aggressive buying on consideration of its oil interests and news that the group had been awarded a multi-million pound contract for the construction of Land Securities' latest City development lifted Taylor Woodrow 17 to 377p. Ward Holdings' issues continued to attract demand ahead of the annual results, due shortly, the Ordinary rising 8 more to 148p and the Deferred firming 6 to 144p. Conder International, also reporting soon, gained 8 to 64p in a restricted market. Elsewhere in the Building sector, comment in the Financial Times highlighting the group's U.S. prospects helped Ibstock Johnsen rise 6 to 273p. A progress report on the company's U.S. expansion lifted Attwoods the same amount to 94p. USM-quoted Ramus responded to favourable comment with a gain of 8 to 85p. Fresh demand in the wake of a broker's circular left Magnet and Southerns 8 up at 126p.

ICI were a quieter market than of late and fluctuated narrowly prior to closing 3 cheaper on balance at 860p; the annual results are due on February 28. Among other Chemicals, Allied Colloids encountered profit-taking following a meeting with brokers and the close was 12 down at 235p, after 230p. On the other hand, bid favourite Yorkshire Chemicals attracted fresh support and gained 4 more to 80p.



Body Shop up again

Secondary concerns provided the features in Stores. Body Shop, still reflecting the bullish tenor of the chairman's annual review, advanced 35 more making a jump of 120 on the week to 675p. Vantona Viyella rose 9 to 298p and Selincourt improved 2 to 20½p following speculative support, while Our Price gained 5 to 368p awaiting Monday's interim figures. Mail-orders revived with Freemans, at 174p, and Grattan, at 166p, up 6 apiece. Sumrie, however, encountered selling and dropped 7 to 55p on reports that the chief-executive had left the company. Leading Retailers turned irregular after the recent strength. Debenhams cheapened a few pence to 214p on the chairman's reported denial of any bid overtures from Hanson Trust. Among Shoe concerns, Stylo dropped to 165p before closing 7 down at 170p following the announcement that the Government of Kuwait has acquired a near-18 per cent stake in the company.

Leading Electricals failed to show little signs of resistance at the end of another drab week. Plessey eased 2 to 170p and Racal gave up a like amount at 192p. Thorn EMI, however, the subject of consortium bid rumours earlier in the week, picked up 4 to 454p. High technology stocks remained a depressed area, Logica reacting 8 more to 320p and Unitech, which announced disappointing interim figures on Tuesday, falling a similar amount to 250p. Oxford Instruments lost 7 further to 250p, while Ferranti gave up 8 to 140p. Checkpoint Europe dipped 15 more to 145p for a two-day fall of 50 following the announcement that discussions with regard to a partial offer for the company had been terminated. Adverse Press comment left Chloride 5 cheaper at 35p, but Rotaflex came to life with an improvement of 8 to 160p.

Leading Engineers displayed a mixed appearance. TI continued to make progress amid rumours of a share stake changing hands and closed 6 dearer at 234p. Vickers edged up 3 more to 236p ahead of the results, due shortly, but GKN eased 6 to 196p and Hawker closed a few pence lower at 427p. Lake and Elliot jumped 12½ to 78p on the cash bid of 76p, or share exchange offer, from Suter. S. W. Wood, however, fell 3 to 17p on sharply lower interim profits, while Westland remained a poor market at 106p, down 5, on continuing worries about the company's helicopter order book.

Among Foods, Tate and Lyle rose 9 to 463p following comment on the group's new sucrose-based sweetener, but Rowntree Mackintosh shed 5 to 360p, after 355p, on news of the £32.3m acquisition of the Original Cookie Company, a U.S. retail biscuit business. Avana continued to attract buyers and moved up 16 to 619p, while Meadow Farm rose 20 to 370p in a restricted market. Buyers came for Bassett, up 11 more at 183p.

Booker active

The miscellaneous industrial leaders moved indecisively before settling a few pence lower on the day. Elsewhere, Booker McConnell were actively traded as speculation ebbed and flowed on whether Dee Corporation will renew its bid; after moving between 270p and 250p, Booker eventually settled at 261p for a fall of 2 on the day. Dee also traded briskly and closed 2 dearer at 214p, after 216p. Comment on the interim figures prompted renewed firmness in Aaroson, which put on 5 further to 99p for a two-day rise of 18. TSL Thermal Syndicate featured a jump of 39 to 155p on the sharp recovery in annual profits, while favourable Press mention left Syltona 14 to the good at 188p. Christies International revived with a rise of 8 to 518p. Metal Closures, an old bid chestnut, put on 4 further to 164p, while British Aerospace improved 8 to 360p in belated response to newspaper comment.

Horizon Travel attracted speculative buying on rumours of imminent bid developments and gained 16 to 148p. SelecTV lost a penny to 11p following the cautious half-year statement.

Jaguar were again outstanding in Motors, rising steadily to close a further 18 up and 37 better on the week at a 1984-85 peak of 340p; heavy domestic and U.S. buying continued to reflect a broker's circular and also several analysts' meetings with the company during the past week. Elsewhere, Dunlop moved up sharply after-hours to finish the day a net 5½ higher at 42½p following chairman Sir Michael Edwardes' success in adjourning the EGM to improve the group's financial re-structuring plans in order to ward off the unwelcome bid from BTR. Frank G. Gates were marked 10 lower to 78p on news that the bid from Carroll Motor Corporation had lapsed.

Continuing talk that Associated Newspapers is considering floating off its North Sea oil subsidiary, Blackfriars Oil, and Press comment highlighting its substantial property assets brought about a further sharp rise in the shares which jumped 40 more for a rise of 105 on the week at 830p; Daily Mail "A" added ½ more to £13½ in sympathy.

Properties made further selective progress following Press comment highlighting the prospects for companies with City-based portfolios. Elsewhere, news that the Kuwait Investment Office had placed its 7.8 per cent stake in the group with various institutional investors dampened recent takeover speculation in Stock Conversion which slipped to 425p prior to closing a couple of pence cheaper at 428p. Alfred Walker gained 5 to 90p in a restricted market; Louis Peralta has resigned from the board and sold his entire holding of 175,000 shares.

Towles "A" attracted speculative buying and closed 18 up at 76p despite the chairman's insistence that he knew of no reason why the shares should move up so sharply. Elsewhere in Textiles, Coats Patons, at 163p, and David Dixon, at 168p, gained 6 apiece, while Dawson International put on 9 at 305p.

After a heavy overnight trade in the group's ADRs on the American Stock Exchange, Imps opened easier yesterday at 212p behind a cautious circular from Wood Mackenzie ahead of next Thursday's half-year figures, before rallying late to close 2 dearer on the day and 21 higher on the week at 215p. Bats, also popular on the American SE earlier this week, closed 6 better at a 1984/5 peak of 386p.

In Financial Trusts, Newmarket advanced 12 to 188p ahead of Monday's preliminary results and Flextech put on 4 more to 92p following comment on the bumper half-year profits. London Investment Trust, however, weakened to 25½p before closing 1½ lower at 27p.

Falcon resources volatile

An erratic week for the oil majors ended on a quieter note. Leading quotations opened steady, but began drifting on lack of support and end-Account offerings. The reappearance of buyers after-hours helped most issues close above the worst. American demand was noted for British Petroleum which rallied from 537p to close unchanged on balance at 545p. Shell settled 7 off at 745p, a two-day fall of 15, but Royal Dutch ended ¼ higher at £48¼.

Business among secondary issues was again dominated by Falcon Resources, which moved between extremes of 448p and 490p prior to closing a net 32 up at 475p; earlier in the week, the price touched 522p when excitement about the group's Colorado drilling prospects peaked. Great Western Resources, believed to have acreage close to Falcon, moved ahead in late dealings to finish 30 up at 260p.

Golds remain subdued

A totally uninspiring week in mining markets dragged to a weary conclusion as the continued buoyancy of the dollar saw bullion retreat below the $300 level once more to close a net $2.75 off at $299.25 an ounce.

Easier indications overnight from Wall Street led Gold share prices lower in London. Trading remained extremely thin with a marked lack of interest from Continental and Cape sources.

Falls among top-quality stocks rarely exceeded a point, however, with the exception of Vaal Reefs, £80⅞, and President Brand, £21⅞, both 1¼ lower. Blyvoor, 716p, and Welkom, 593p, gave up 34 apiece among marginal counters. The FT Gold Mines index dipped 12.6 to 484.5 — a rise of only 2.5 over the five-day period.

Interest in London domiciled Financials again centred on RTZ which attracted buying for the new Account and rose 13 to 670p, after 672p.

Dull in overnight Sydney and Melbourne partly reflecting the weakness of international commodity markets, leading Australians regained composure in London dealings, and falls were generally reduced to a couple of pence. Western Mining eased a penny to 221p — a decline of 15 on the week following unimpressive mid-term results.

Demand for Traded Options subsided slightly with 6,994 calls and 2,538 puts struck. The week's daily average amounted to 9,100. Operators displayed fresh enthusiasm for Jaguar following the buoyant underlying share price with 2,658 calls done, 1,092 in the March 300's which rose 16 for a two-day advance of 25 at 42p. Imperial Group also remained to the fore and attracted 1,138 calls. The short Gilt contract was lively with 321 calls and 121 puts transacted.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Fri Feb 8 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Thur Feb 7 Index No.	Wed Feb 6 Index No.	Tue Feb 5 Index No.	Mon Feb 4 Index No.	Year ago (approx.) Index No.	1984-85 High		1984-85 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	544.38	−0.2	9.79	3.99	12.79	545.33	543.87	545.95	544.18	478.99	577.15	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (23)	500.72	—	12.81	4.98	9.66	500.56	496.86	492.41	495.15	465.00	537.59	27/4/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (30)	726.29	+0.8	13.32	5.43	9.52	720.40	717.99	714.29	715.46	731.32	776.48	25/4/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	1579.93	−1.3	10.27	4.73	12.32	1600.11	1600.38	1598.37	1567.15	1670.01	1802.52	20/3/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (36)	1711.49	−0.7	8.61	2.94	14.98	1723.98	1731.77	1770.77	1702.71	1632.39	2049.05	13/11/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (60)	288.57	−0.1	11.58	5.05	10.31	288.90	286.41	287.03	285.99	223.13	298.10	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (5)	176.90	+0.5	12.79	7.34	9.65	176.05	175.22	174.59	171.76	182.58	209.74	13/3/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (18)	161.93	+1.3	10.86	4.67	11.49	159.88	157.25	158.41	157.29	152.50	162.98	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (16)	920.30	−0.2	5.52	3.15	22.74	922.34	923.01	893.96	885.02	611.21	925.26	18/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (180)	640.95	+0.2	9.11	3.71	13.28	639.48	634.75	630.52	620.46	473.51	652.38	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (23)	586.75	+0.3	11.52	4.56	10.70	584.78	571.75	572.57	564.69	437.75	593.54	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (20)	503.01	+0.4	11.68	4.61	10.71	501.24	497.94	495.97	488.80	377.32	506.98	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (12)	1490.47	+0.1	6.42	2.37	20.77	1489.64	1475.02	1460.66	1448.76	1057.25	1502.07	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (9)	1022.50	−0.4	5.57	2.60	21.07	1026.58	1032.29	1021.34	1005.90	717.15	1088.57	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (23)	701.23	+0.9	8.03	4.66	16.09	694.66	695.11	688.16	679.40	633.55	719.49	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	1709.89	+0.6	6.89	4.25	18.48	1698.73	1677.14	1667.53	1655.01	1235.24	1709.09	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (14)	310.44	−0.5	12.76	4.68	9.02	311.88	309.74	310.63	307.38	233.39	319.50	25/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (45)	547.17	−0.4	7.47	3.41	16.22	549.18	542.90	538.75	531.27	423.42	571.63	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (19)	334.83	+1.6	11.90	4.18	9.68	329.52	327.69	328.16	317.40	268.72	334.83	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	1010.69	+1.3	12.40	3.80	8.99	998.10	996.04	985.11	951.74	533.15	1010.69	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (97)	676.87	—	8.78	3.87	14.47	676.97	673.99	670.54	663.02	422.71	683.21	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (17)	821.78	−0.3	10.94	3.98	11.67	824.38	824.58	816.92	803.00	597.35	824.58	6/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	182.78	+0.2	8.11	4.57	14.90	182.42	175.88	175.40	176.85	130.42	182.78	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	1128.57	−0.7	7.67	4.32	16.68	1136.64	1132.91	1132.95	1126.76	840.66	1142.89	31/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (61)	847.60	—	7.66	3.29	15.85	847.29	844.16	836.74	825.67	549.57	862.01	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Telephone Networks (2)	787.70	+0.2	8.50	4.09	15.35	786.10	781.69	780.81	774.07	0.0	809.51	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (483)	633.49	—	9.20	3.83	13.44	633.16	629.76	627.53	620.39	471.04	650.33	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (17)	1183.48	−0.6	14.74	6.35	8.39	1190.05	1195.76	1207.53	1176.07	995.35	1207.53	5/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	679.44	—	9.97	4.18	12.40	679.66	676.97	675.86	666.75	514.95	690.38	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (116)	459.88	+0.3	—	4.81	—	458.71	457.83	454.81	450.22	375.23	459.88	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	482.64	+1.0	17.65	5.85	7.17	477.89	477.13	473.25	469.43	396.29	482.64	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	619.14	+1.7	—	4.40	—	609.03	604.19	603.97	595.72	533.52	619.14	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	320.84	−0.7	—	5.82	—	323.05	323.81	320.44	319.57	248.68	324.19	25/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (6)	1149.08	−1.1	6.70	3.01	20.70	1161.47	1160.20	1152.17	1139.87	646.61	1161.47	7/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	242.88	−1.1	—	4.41	—	245.62	242.97	241.96	239.19	236.00	251.54	11/4/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (52)	636.97	+0.4	5.33	3.51	25.01	634.65	634.12	631.36	620.00	520.77	648.74	19/12/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (25)	295.12	−0.5	8.91	5.28	13.57	296.68	296.92	293.67	292.51	266.00	296.92	6/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (105)	620.51	+0.2	—	3.14	—	619.47	612.89	608.84	601.63	492.92	620.51	8/2/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	300.35	+1.5	9.73	5.06	13.04	296.03	292.31	290.07	288.54	304.70	337.57	10/4/84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (14)	665.46	−0.3	9.17	6.45	13.74	667.59	665.25	658.34	667.00	559.47	687.15	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (739)	622.26	—	—	4.25	—	622.00	619.42	617.67	609.95	481.97	627.28	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Index No.	Day's Change	Day's High	Day's Low														
	FT-SE 100 SHARE INDEX	1295.3	−1.0	1300.3	1288.5	—	1296.3	1289.5	1289.1	1268.2		1305.7	22/1/85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Fri Feb 8	Day's change %	Thur Feb 7	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.45	+0.19	116.23	—	1.16
2	5-15 years	126.70	−0.21	126.96	—	1.16
3	Over 15 years	133.47	−0.38	133.97	—	0.22
4	Irredeemables	145.84	−0.11	146.00	—	0.00
5	All stocks	125.91	−0.09	126.02	—	1.01
6	Debentures & Loans	107.21	+0.46	106.75	—	1.16
7	Preference	76.37	+0.59	75.92	—	0.30
	BRITISH GOVERNMENT INDEX—LINKED STOCKS					
8	All stocks	109.34	−0.09	109.44	—	0.37

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 8	Thur Feb 7	Year ago (approx.)	1984 Highs		1984 Lows	
	British Government								
1	Low	5 years	11.07	11.07	9.73	12.02	30/7/84	9.24	17/1/84
2	Coupons	15 years	10.81	10.77	10.26	11.65	30/7/84	9.82	9/1/84
3		25 years	10.38	10.42	9.85	10.98	23/7/84	9.43	9/1/84
4	Medium	5 years	11.77	11.78	11.00	13.13	30/7/84	10.49	13/3/84
5	Coupons	15 years	11.26	11.18	10.77	12.41	30/7/84	10.41	9/1/84
6		25 years	10.71	10.63	10.16	11.53	23/7/84	9.87	9/1/84
7	High	5 years	11.93	11.91	11.15	13.40	30/7/84	10.62	6/3/84
8	Coupons	15 years	11.41	11.36	10.92	12.30	30/7/84	10.61	13/3/84
9		25 years	10.73	10.69	10.23	11.40	23/7/84	9.98	9/1/84
10	Irredeemables		10.18	10.16	9.81	10.84	30/7/84	9.54	12/11/84
11	Debs & Loans	5 years	12.17	12.26	11.48	12.99	1/8/84	11.18	22/3/84
12		15 years	12.23	12.30	11.68	13.04	17/7/84	11.29	29/3/84
13		25 years	11.94	12.00	11.57	12.89	30/7/84	11.35	29/3/84
14	Preference		12.97	13.05	12.07	13.44	17/7/84	11.90	7/3/84
15	Inflation rate	5%	3.36	3.35	3.20	4.82	30/7/84	3.16	4/1/84
16		10%	3.19	3.18	3.00	3.82	30/7/84	2.99	4/1/84

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGES: Bath and Portland (10) has been deleted and replaced by Norton Opax (32). Hambro Life Assurance (65) has also been deleted but not replaced.

RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	32	52	21	258	184	79
Corpns. Dom. and Foreign Bonds	27	9	42	97	87	182
Industrials	289	308	847	1,590	1,334	4,304
Financial and Props.	184	104	278	817	457	1,448
Oils	19	41	66	124	167	325
Plantations	0	9	6	14	26	45
Mines	17	76	87	215	272	409
Others	88	51	60	449	276	301
Totals	633	645	1,407	3,564	2,803	7,093

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (189)

AMERICANS (35)
CANADIANS (3)
BANKS (5)
CHEMICALS (3)
STORES (7)
ELECTRICALS (7)
ENGINEERING (6)
FOODS (7)
INDUSTRIALS (25)
INSURANCE (8)
MOTORS (2)
NEWSPAPERS (4)
PAPER (3)
PROPERTY (3)
SHIPPING (1)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (63)
OVERSEAS TRADERS (1)
MINES (2)

NEW LOWS (18)

ELECTRICALS (3)
Feedback; Plessey; STC
ENGINEERING (1)
Westland
INDUSTRIALS (5)
Cont. Stationery; Hanover Invs.; Henara; Star Computer; V.W. Thermax
LEISURE (1)
Intervision Video
SHIPPING (1)
Lyle Shipping
OILS (2)
Charterhall; Conroy Pet. Nat. Res.
PLANTATIONS (1)
Applied Botanics
MINES (4)
Cultus Pacific; GM Kalgoorlie; Southern Ventures; Whim Creek

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Barclays	645	+ 2	ICI	860	− 3
Barratt Devs.	72	—	Imperial Group	215	+ 2
Booker McConnell	261	− 2	Jaguar	340	+18
BP	545	—	Rowntree Mackintosh	360	− 5
Dee Corporation	214	+ 2	Shell Transport	745	− 7
Falcon Resources	475	+32	Tate and Lyle	462	+ 9

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Falcon Res.	109	443	−57	Energy Servs.	22	58	+ 3
Booker McCon.	32	263	−15	Racal Electa.	18	194	− 4
RTZ	30	657	+12	Debenhams	18	217	+ 1
Thorn EMI	28	450	−10	BTR	17	669	− 3
TI	26	228	+14	Goars Gross	17	170	+18
Imperial Group	25	213	+ 8	Grand Met.	16	307	+12
Jaguar	24	322	+17	Pilkington Bros.	16	323	+13

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Falcon Res.	325	443	+63	BAT Inds.	85	380	+12
Thorn EMI	111	450	+31	Imperial Group	78	219	+19
ICI	110	863	+20	Grand Met.	74	307	+13
BTR	107	669	+15	Beecham	73	357	−18
BP	98	545	+15	Pilkington Bros.	71	323	+38
Shell Trans.	98	752	+ 7	Tootal	70	77	+15
Silvermines	92	196	+32	GEC	69	138	−10

RECENT ISSUES

FINANCIAL TIMES STOCK INDICES

	Feb. 8	Feb. 7	Feb. 6	Feb. 5	Feb. 4	Feb. 1	year ago
Government Secs.	80.04	80.24	79.62	79.53	79.27	79.87	82.49
Fixed Interest	84.04	83.86	83.61	83.50	83.10	83.44	87.15
Ordinary	988.5	989.2	983.3	982.4	968.5	977.5	805.4
Gold Mines	484.5	497.1	487.8	474.3	473.3	482.0	595.5
Ord. Div. Yield	4.36	4.56	4.57	4.39	4.46	4.42	4.51
Earnings, Yld.% (full)	10.89	10.89	10.92	10.97	11.15	11.05	8.91
P/E Ratio (net) (*)	11.04	11.03	11.00	10.85	10.77	10.87	12.87
Total bargains (Est.)	25,555	24,980	99,713	24,606	24,705	26,356	94,151
Equity turnover £m.	—	455.24	379.12	379.94	266.34	395.90	305.38
Equity bargains	—	22,659	21,388	20,980	20,779	19,736	30,958
Shares traded (ml)	—	218.8	182.3	190.2	129.8	145.9	289.1

10 am 984.3. 11 am 991.3. Noon 984.7. 1 pm 984.5.
2 pm 985.6. 3 pm 987.9.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.68.

HIGHS AND LOWS — S.E. ACTIVITY

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	89.77 (18/1/84)	76.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (25/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	4 9.5 (25/1/85)	734.7 (15/2/83)	49.5 (26/10/71)

	Feb. 7	Feb. 6
Daily		
Gilt Edged Bargains	158.3	140.4
Equities Bargains	145.9	132.6
Value	679.7	766.5
5day Average		
Gilt Edged Bargains	151.1	164.1
Equities Bargains	139.8	153.1
Value	710.5	990.4

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, February 7, 1985.

Shipping and Transport	+18.07	All-Share Index	+ 4.90
Office Equipment	+16.14	500-Share Index	+ 4.49
Newspapers, Publishing	+15.99	Insurance (Life)	+ 4.44
Chemicals	+13.97	Food Manufacturing	+ 4.05
Insurance Brokers	+12.70	Gold Mines Index	+ 3.80
Telephone Networks	+11.92	Insurance (Composite)	+ 3.70
Oils	+11.28	Mechanical Engineering	+ 3.66
Tobaccos	+10.88	Industrial Group	+ 3.46
Other Groups	+10.76	Consumer Group	+ 3.02
Motors	+10.75	Brewers and Distillers	+ 2.55
Merchant Banks	+10.63	Food Retailing	+ 1.83
Textiles	+ 9.69	Health and H'sehold Products	+ 0.74
Other Industrial Materials	+ 8.54	Electricals	+ 0.56
Banks	+ 8.98	Leisure	+ 0.08
Investment Trusts	+ 8.43	Stores	− 0.66
Mining Finance	+ 8.10	Property	− 0.91
Packaging and Paper	+ 7.14	Building Materials	− 2.11
Overseas Traders	+ 6.75	Capital Goods	− 2.35
Financial Group	+ 5.39	Contracting, Construction	− 2.73
Metals and Metal Forming	+ 4.93	Electronics	−11.50

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 4	Feb 15	May 9	May 20
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24

For rate indications see end of Share Information Service

Call options were arranged in Kia Ora, Downibrae, Falcon Resources, North Kalgurli, Bine-mel Bros, Aran Energy, A.B. Electronic Products, Pentland Industries, Atlantic Resources, Amstrad Consumer Electronics, Armour Trust, Burmah Oil, New Court Natural Resources, C. H. Bailey, Amalgamated Estates, Combined Technologies, Olivar Prospecting, Bridon, Weir, Exco International, TI, Premier Oil and Inter-City. No puts were reported, but doubles were taken out in Falcon Resources and Amstrad.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −
370	Nil	—	[illegible]	99pm	Bunzl	[illegible]	[illegible]
88	Nil	22/3	30pm	24pm	First Castle 10p	24pm	.....
190	Nil	19.3	14pm	11pm	McCorquodale	13pm	.....
Ir.18	F.P.	4/2	19	15	‡Memory Computer 10p	19	.....
80	Nil	—	16pm	13pm	Newman-Tonks	13pm	−1
58	F.P.	11/2	45	42½	Premier Cons. 5p	45	.....
650	Nil	21/3	375pm	160pm	Samuelson Grp. £1	340pm	−35
17	F.P.	1/2	27	19½	Walker (C. & W.) 15p	27	.....
260cts	Nil	1/3	79pm	60pm	Westpac $A1	68pm	−2
18½	Nil	—	15pm	10pm	Westwood Dawes 'B' 12½p	12pm	−1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ‡ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant.

Samuel Heath

Despite higher turnover, Samuel Heath and Sons, a manufacturer of a wide range of products in giftware and hardware reports profits down from £156,000 to £125,000 in the first half-year to September 30, 1984.

Margins came under considerable pressure in the period, states Mr S. B. Heath, the chairman.

During the half-year, bathroom fitting manufacturer Holt Siron and Co was purchased for £198,000 cash and moved into the main Birmingham factory.

The directors says that it has taken rather longer than anticipated to settle the company down, but its leasehold factory was sold in December 1984 for £50,000.

Turnover was up from £1.94m to £2.11m, of which exports accounted for £533,000 (£497,000) and home sales £1.58m (£1.44m).

The chairman says that three-month Christmas trading period was satisfactory, but uncertainty remains over the last quarter of the financial year. In the 1983-1984 year profits before tax were shown at £478,000 (£447,000) with dividend of 22p net per 50p ordinary share. The company has close-status.

Tax absorbs £56,000 (£81,000) for the half-year, leaving net profits of £69,000 (£75,000). Earnings per 50p ordinary share are shown at 20.9p (22.1p).

STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

CORPORATIONS—FOREIGN

[illegible]

STERLING ISSUES BY OVERSEAS BUYERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. ΔBargains done with non-members or executed in overseas markets.

Chubb Son 6pcLn 1092-05 £76●
Clarke (T.) (10p) 33 (6/2)
Clutsom-Penn (Internat. 7½pcDb 1086-01 £78 (1/2)
Clyde Blowers 125 (1/2)
Coats Patons 4½pcLn 2002-07 £42½. 6¾pcLn 2902-07 £50¼. 7½pcLn 1990-05 £71¼ 2 ¼ ½ (6/2)
Cocksedge (Hldgs) 36 (6/2)
Cohen (A.) A (29p) 495 500
Combined English Stores 7¼pcPf (£1) 53 9½pcLn 1086-01 £70
Cook Watts 9¾pcLn 1987-92 £79 (6/2)
Cookson 7pcPf (50p) 24. 7pcPf (£1) 62

[illegible]

L—M

[illegible]

Laing (John) A Non-V(o) 204 5
Laird Group 6¼pcDb 1981-88 £82½ (8/2). 0pcLn 1988-93 £71½ (4/2)
Lanca (20p) 110
Laporte Industs. (Hldgs.) 5½pc2ndPf (£1) 45½ (5/2). 8pcDb 1903-98 £77. 10¼pcDb 1004-98 £92½
Lees (John J.) (10p) 103●0 ¾●
Lewis (John) Partnership 5pcPf (£1) 42 3. 7½pcPf (£1) 53
Lewis's Investment Trust 6½pcDb 1905-1990 £80½
Lex Service 2nd 145 (6/2). 8½pcLn 1992-1997 £78
London Midland Indust. 8¼pcLn 1983-88

[illegible]

N—O—P

[illegible]

Q—R—S

[illegible]

T—U—V

TI Grp. 7.7pcLn 1080-94 £71½ (6/2)
Tarmac 5½pcPf (£1) 57 (1/1). 8¼pcDb 1d06-91 £87½ (6/2). 7½pcDb 1992-97 £71¼. 0½pcLn 1999-05 £77½ (4/2)
Tarry (E. W.) 275
Tate and Lyle 6½pcPf (£1) 56 (1/2). 5½pcDb 1989-85 £95. 6¼pcLn 1985-90 £70. 7½pcLn 2003-08 £67 (4/2). 13pcLn 1094-9d £158 (4/2)
Taylor Woodrow 7¼pcLn 1987-90 £81¼●
Television South 14.20pcLn 1066-86 £117 (1/2)

[illegible]

W—Y—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

Rives Plate Gen Wts 88 (5/2)
Scottish Mercantile 67 (4/2)
Scottish Eastern 4½pcPf £30
Scottish Mortgage 6pcPf £41½ (4/2). 5¼pcPf £44 5 (4/2). 5pcDb 1980-85 £99¼ (4/2)
Scottish Northern 4¼pcPf £40
Shires Wts 53 (8/2). Units (nil pd) £8 19 1 2
TR Industl Genl 4¼pcDb £3½ (5/2)
TR Pacific Basin Wts 375. £1¼pcDb 1997-2002 £89 (1/2)
Vantage Secs (19p) 50 (1/2)
Witan Inv 8pcDb 1986-99 £73¼

UNIT TRUSTS

M G Gold Genl Fund Units 42¼ (6/2)

MINES—MISCELLANEOUS

[illegible]

MINES—SOUTH AFRICAN

[illegible]

OIL

[illegible]

PROPERTY

[illegible]

PLANTATIONS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UTILITIES

[illegible]

WATERWORKS

[illegible]

UNLISTED SECURITIES MARKET

[illegible]

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

[illegible]

Nicron Res 30
NL Inds £10¼ (4/2)
Noranda £14¼ (5/2)
Ocean Res 20● (1/2)
Oil Search 18¼
O'seas Tst Ok 29 (1/2)
Paine Webber £37½ (5/2)
Palabora Mining 025● (6/2)
Paradyne Corp £14½ (4/2)
Parker Drilling US$6¼● (1/2)
Petro Energy 13¼
Pet Secs Aust 94
Phelps Dodge £17 (5/2)
Phibro-Salomon £36 (5/2)
Philip Morris Inc US$85¼● 6½

[illegible]

Winchmore 38 9½ (5/2)
Wynstay Props 125

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

[illegible]

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

None

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

[illegible]

Feb. 8. Total contracts 2,530. Calls 6,224. Puts 2,356.
* Underlying security price.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 22,260.

A=Ask B=Bid C=Call P=Put

ECONOMIC DIARY

TOMORROW: Sir Geoffrey Howe, Foreign Secretary, visits Bulgaria.

MONDAY: Retail sales (January—provisional). Producer price index numbers (January—provisional). EEC Internal Market/Consumer and Finance Councils meet in Brussels. European Parliament in session in Strasbourg (until February 15). Sir Geoffrey Howe visits Turkey. Burnham Committee discusses teachers' pay. BIS meeting in Basle.

TUESDAY: Building Societies' monthly figures (January). National Farmers Union holds annual meeting. British Printing Industries Federation responds to NGA pay claim. Guatemala-Belize talks on border dispute in New York.

WEDNESDAY: Index of output of the production industries (December). Health service ancillary workers pay talks. Mr Nicholas Ridley, Transport Secretary, at Bus and Coach Council annual dinner. The Henley Centre for Forecasting conference on "Foreign exchange rates—FX analyses, forecasts and world business prospects" at Cumberland Hotel, W1. U.S. retail sales (January).

THURSDAY: Usable steel production (January). UK banks assets and liabilities and the money stock (mid-January). London sterling certificates of deposit (January). Provisional figures of vehicle production (January). Federation of London Clearing Banks replies to Bifu pay claim. Imperial Group interim figures.

FRIDAY: Mr Peter Walker, Energy Secretary, at annual lunch of the Newspaper Conference.

CONTRACTS

£4m sand and gravel plant

FREDERICK PARKER, plant and equipment construction industry equipment manufacturer, has received an order from Iraq for four large sand and gravel processing plants. The order was placed under the Iraq-UK loan agreement and is valued at nearly £4m. Each plant will be capable of handling 800 tonnes of sand and gravel per hour and will be operated by Baghdad's Amanat Al-Assima. The plants will be located 100 km north of Baghdad and will produce material for roadworks in Baghdad and surrounding areas.

*

Enemalta Corporation of Malta has awarded **FOSTER WHEELER POWER PRODUCTS** a contract, worth over £750,000 for a coal handling plant at the Marsa Creek power station, Valletta. The 120 tonnes per hour capacity coal handling plant will serve the new 60 MW boiler unit No 8, for which Foster Wheeler also has the contract. This is the second 60 MW puverised coal fired boiler for the Marsa Creek power station to be supplied by Foster Wheeler and both are currently under construction. The troughed belt conveyor system includes coal weighing, screening and boiler bunker distribution equipment provided from the UK structural steel fabrication and plant erection will be carried out in Malta by local contractors. The completion date of the coal handling plant is to coincide with the commissioning programme of the No 8 unit, which is due for completion in January 1986.

*

WIMPEY has won various contracts worth around £10.4m. A high-security gate-entry complex for Winson Green Prison, Birmingham, is to be built under a £3.36m contract placed by the Home Office with Wimpey Construction UK. The building will be mainly three-storey and contain a plant room and vehicle lock. A security wall will be built. Lifts, alarms, hydraulic gates, and electrical services are included. Completion is planned for April 1987.

Contracts totalling £3.27m have been awarded for work in York, Shipley, Bradford, and Hull. A contract, awarded by the National Bus Company, is for modernising a bus garage at Barbican Road, York. Work comprises construction of a workshop building, a two-storey office block and single-storey ancillary building. The contract valued at £554,000 will be completed by June. Other work includes a two-storey office block of 1,300 sq metres is to be built in St Pauls Road, Shipley, West Yorkshire for English Estates, under a £389,000 contract; a 30-place hostel for the elderly, mentally infirm, together with a staff block for the City of Bradford Metropolitan Council in the Peel Park area of the city valued at £840,000; a £590,000 contract has been awarded by the Sutton Housing Trust to refurbish 43 flats and a £900,000 modernisation contract has been placed by the City of Kingston upon Hull Council for work on 106 dwellings in East Hull.

A contract valued at £2.3m has been awarded to the Plymouth office by Rittall CSM for phase one of a factory complex. The complex will comprise a production area and two-storey office accommodation and a showroom as well as drainage and external works. Phase one completion is expected to be November 1985.

*

JOHN LAING CONSTRUCTION Midland region has won a £14.5m contract to build a surgical block at Stoke on Trent City General Hospital. The 357-bed complex, for the West Midlands Regional Hospital Authority, will be built adjacent to the hospital in Hilton Road, Newcastle-under-Lyme over the next three-and-a-half years. The Stoke City Hospital development will be completed in one phase and will include eight operating theatres, an x-ray department and a children's day care unit.

The building will be part single- and part two-storey with plant and service distribution located above. Construction includes ground bearing and suspended insitu reinforced concrete slabs, reinforced concrete columns supporting a trussed steelwork roof structure, and external walls of facing brickwork. The roofs will be pitched and covered with concrete tiles. Some areas of the outside walls will be constructed of steel sheet and powder coated curtain walling and anodised aluminium preglazed windows will be installed. Work on site will begin this month and the project is due for completion in August 1988.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1833

High Income				
Gilt & Fixed Int.	110.4	116.6	+0.1	10.27
High Inc Equity	70.7	75.2	+0.2	5.96
Worldwide Bond	159.1	169.3	-0.9	5.73
Capital Growth				
American Growth	136.7	145.4	+0.8	1.39
Assets & Enegy. Tt.	73.8	78.9	-0.4	2.98
Capital Reserve	54.9	55.2	.....	0.76
Commodity & Engy.	80.1	85.7	-0.3	2.60
General	104.3	111.6	-0.3	2.72
Japan	177.2	189.5	+0.9	0.00
UK Growth	69.8	74.0	-0.1	2.08
Acc. Units	97.3	104.6	-0.1	2.08
U.S. Emerging Co's	59.8	64.0	+0.3	0.41
Equitas Prog.	159.6	170.7	-0.1	3.46

Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd.	156.6	167.6	+2.9	0.10
Exempt	435.0	462.0	.....	—
Pacific Fd.	135.0	144.4	-0.5	0.20
Secured Income Fd	137.7	147.3	.....	5.88
Special Sits	169.9	181.7	+1.2	1.56
Energy Fd.	38.0	40.7	-0.3	0.60
American Majors	61.7	66.0	+0.3	2.26
Small Co's Fd (10for1)	29.9	32.0	+0.2	1.97
Jap. Technology	69.2	74.0	-0.2	0.20

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex Brentwood. (0277) 211459 & 229123

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Midland Bank Tst Corp (Jersey) Ltd
28-34, Hill St, St Helier, Jersey. 0534 72166
MdBkOsGt 100.7 101.0ad +0.7 11.87
MdBkIntBd 51.05 1.07 .... 7.48

Minerals Oils Res Shrs Fd Inc
PO Box 194, St Helier, Jersey. 0534 27441
MrsFeb7 $11.04 11.37 .... 3.51

Samuel Montagu Ldn Agents
114, Old Broad St, EC2. 01-626 3434
MtAm(z) 115.6 121.6 −0.7 4.71
MtJapInst 72.7 78.4 −0.4 4.20
MtGiltIncst 47.9 50.5 +0.4 11.41
MtSgFeb6 £15.35 15.38 .... —
MtGold(z) $0.501 0.527 .... —
ApFb5 SF116.75 126.70 +4.9 1.10
JpJn31 HK$41.74 45.16 .... 0.18
MtAmFb5 $10.42 20.89 +1.75 1.24
MFRNF F7 $10.34 10.36 .... —
USFIF Fb4 $12.12 12.78 .... —

Murray Johnstone (Inv Adviser)
163, Hope St, Glasgow, C2. 041-221 3521
HpeStFb5 $64.73 69.33 .... —
MurFdFb7 $20.26 21.58 .... —
PacFdFb6 $4.22 4.51 .... —

NEL Britannia International Ass Ltd
Acorn Hse, Athol St, Douglas, IoM. 0624 24024
Strl Dep 92.7 99.7 .... —
Strl Man 82.0 88.8 −0.2 —
Gilt 90.3 97.1 +0.5 —
UK Man 93.2 100.3 +0.6 —
Intl Man 95.0 102.2 +0.2 —

Nat Westminster Jersey Fd Mgrs Ltd
23-25 Broad St, St Helier, Jersey. 0534 70041
HgInFd(a)(b) 54.7 57.0 +1.0 10.53
EqtyFd(a)(b) 108.1 115.0 .... 1.94
IntBdFd(a)* 80.6 83.0 .... 6.67
*Sub day every Thurs.

County Bank Currency Fund (x)
Dollar Class $23.4308 +0.0097 —
Sterling Class £11.6412 +0.0040 —
D-Mark Cl DM53.0893 +0.0070 —
DutchGldrCl Dfl53.9282 +0.0074 —
Jap Yen Cl Y5.482.8464 +0.6133 —

Newport International Management
Bank of Bermuda Bldg, Bermuda. 809 295 4000
NptIntSec $15.68 — .... —
NptIntInc $14.72 — .... —
NptPcDl $12.26 — .... —

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 809 295 4000
Amer.Tst $0.53 0.92 .... —

Normandy Trust Managem Ltd
29, Athol St, Douglas, IoM. 0624 29696
Ndy Mt — ....
Ndy Ct £1.1484 1.2089 .... 2.00
CrCGr £0.6529 0.7010 .... 2.00

Northgate Unit Tst Mngrs (Jersey) Ltd
PO Box 82, St Helier, Jersey. 0534 73741
PacFdFeb6 $11.29 12.14 .... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV $15.71 −0.10 —
Inv. Adv., M & G Inv. Mngt. Ltd., London.

Parinter Bond Fund S.A.
10a Boulevard Royal, Luxembourg.
NAV $9.32 ... —

Perpetual UT Mngrs (Jersey) Ltd
PO Box 450, St Helier, Jersey. 0534 74517
Offshr Gth $1.167 1.241 .... —

Phoenix International
PO Box 77, St Peter Port, Guernsey. 0481 23539
IntDollarFd $4.46 4.61 .... —
FarEastFd $3.33 3.60 .... —
IntCrncyFd $1.86 1.80 .... —
DllrFxdIntFd $4.23 4.50 .... —
Stlg Fxd £2.50 2.70 .... —

Providence Capitol International Ltd
PO Box 121, St Peter Port, Guernsey. 0481 26726/9
£UKFxdInt 159.7 171.8 .... —
£UKStkMkt 183.3 197.2 .... —
£StgMgd 158.0 170.0 .... —
£SpeclMkt 104.7 112.6 .... —
$IntStkMkt 107.2 115.3 .... —
$IntFxdInt 120.1 129.2 .... —
$DlrMgd 115.6 124.4 .... —
$IntCurrncy 108.7 114.8 .... —
$ Wld Tech 131.0 140.0 .... —
$NAmStMk 111.6 120.1 .... —
$ Far East 104.4 112.3 .... —
SwFrMgd 5.101 5.581 .... —
Prices Feb 6. Next dealing Feb 13.
For other prices ring 0481 26726/9.

Putnam International Advisers Ltd
10-12 Cork St, London, W1. 01-439 1391
Emerg Health Sci $10.75 .... —
International Fd $58.30 .... —
For Quest Fund Man. (Jersey) see Royal Trust Intnl. Mngt.

Quilter/Hainold Commodities
31-45 Gresham St, EC2V 7LH 01-600 4177
R&RNAV $147.43 — .... —
Next dealing date Mar 7.

Rea Brothers (IoM) Ltd
29 Athol St, Douglas, IoM. 0624 29696
Bond Fd £1.295 1.335 .... —

Richmond Life Ass Ltd
4 Hill Street, Douglas, IoM. 0624 29441
Gold Bond 232.9 247.6 −2.9 —
StrlDeBd 180.42 192.50 +0.01 11.52
UK Gilt Fd 162.2 172.4 .... —

Rothschild Asset Management (CI)
St. Julian's Ct, St Peter Port, Guernsey. 0481 26741
OCAmerFd* $2.83 2.09xd 0.05
OCSCD** 209.3 221.8 .... 1.48
OC Cdy*** 125.1 132.6xd 2.80
OCSCdy* $30.18 31.99 .... 1.84
OCHKFd†† $45.29 48.00 .... —
*Pcs Feb 7, N.D. Feb 21. **Pcs Jan 15. N.D. Jan 31. ***Pcs Jan 14. N.D. Jan 31. ††Dlg every Weds.
OCIR £ £16.311 +0.004 10.93
OCIR A$ A$16.251 −9.69 —
OCIR C$ C$41.102 −8.28 —
OCIR Dfl Dfl54.025 −5.10 —
OCIR DKr DKr164.445 −10.12 —
OCIR DM DM54.369 −4.80 —
OCIR BFr BFr977.72 −9.50 —
OCIR FFr FFr191.31 −9.37 —
OCIR HK$ HK$107.803 −5.25 —
OCIR Lire L45.141 −12.81 —
OCIR S$ S$71.24 −4.63 —
OCIR SF SF47.9661 −2.79 —
OCIR US$ $33.712 −7.30 —
OCIR Yen Y8.792.76 −5.10 —
OC Man £ £0.7484 10.0490 —
OCManDM DM38.81543 40.0150 —

Rothschild Australia Asset Mgmt Ltd
OC Man $ $11.57592 11.93394 —
17 Bridge St, Sydney 2000, Australia.
Five Arrows $1.45 1.48xd 5.70

Rouse Woodstock (Bermuda) Ltd
PDB 1178, Hamilton, Bermuda. 809 205 2244
Systemtrend $10.94 .... —

Royal Bank of Canada Funds
PO Box 246, St Peter Port, Guernsey. 0481 23021
RBC Invest Managers Ltd
IntlIncFd $10.19 10.86 .... 7.70
IntlCapFd $18.72 20.26xd +0.30 —
NthAmFd $8.48 9.25 .... —
FEst&PacFd $9.40 10.09 .... —
Candn Fd C$10.47 11.19 .... —
RBC Intl Currencies Fd Ltd
U.S. $ $24.10 .... —
Canadian $ C$30.10 +0.01 —
£ Sterling £12.00 .... —
D-Mark DM54.78 +0.02 —
Swiss Franc SF42.33 +0.01 —
Japanese Yen Y6.673 +1 —
Managed Fund $22.38 +0.01 —

Royal Trust Intl Fd Mgmt Ltd (x)
PO Box 104, St Helier, Jersey. 0534 27441
StrlFxFd £0.810 0.823xd .... 10.01(d)
Int Secs $1.136 1.181xd 0.82
Intl Bds $0.635 0.698xd .... 10.43(d)
Prices on Jan 30. Next dealing Feb 6.

SCI/TECH SA
2 Boulevard Royal, Luxembourg.
SCI Tech NAV $10.18 +0.08 —

Save & Prosper International
PO Box 73, St Helier, Jersey. 0534 73933
Fixed Interest Funds
DM Bd DM10.75 11.34 −0.02 4.85
$ Fxd Int $8.04 8.56 .... 10.29
Stlg FxD 107.5 113.7 +0.5 12.31
Yen Bond Y1.451 1.534 −3 2.93
Equity Funds
GlblPrtFd $4.64 5.02 +0.01 0.63
UK Growth 165.0 178.5xd −0.8 2.38
IntlGrowth $9.94 10.75 +0.03 1.02
FarEastern $20.08 21.71 +0.10 0.35
Nth Amer $8.70 9.48 +0.07 0.10
Gold $3.42 0.1130 +0.01 1.32
Multicurrency Reserve Funds
U.S. $ 1.00 — 7.77
D-Mark 10.00 — 4.40
£ Sterling 1.00 — 13.77
Yen 1,000.00 — 5.00
Deposit Fund
Strl Deposit 104.4 104.0 +0.2 0.13
All funds are Daily dealings.

Schroder Mngt Services (Jersey) Ltd
PO Box 105, St Helier, Jersey. 0534 27561
Schroder Money Funds
Sterling £15.9400 .... 13.06
U.S. $ $30.0627 .... 7.31
D-Mark DM54.7493 .... 4.55
Swiss Franc SF53.3030 .... 4.27

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, EC2. 01-382 6000
AmInJn30 $25.81 — 0.40
AsPdJn28 $27.77 20.06 .... 2.02
ChesdFeb7 $10.00 — +0.10 2.73
DlgFdFeb8 A$3.63 3.03 .... 3.6
JapFdFeb7 $16.48 17.70 .... 0.28
TrafPd131 $10.18 17.15 .... —
N&TFeb7 $39.13 — +0.42 —

Schroder Unit Trust Mgrs Int Ltd
Box 273, St Peter Port, Guernsey. 0481 28750
MgdCrncy* 610.3 643.2 −2.6 6.22
£ Fxd Int* 607.2 640.5 +0.6 7.01
£ Equity* 170.0 192.3ad +1.9 2.08
$FxdInt* $1.048 1.128xd −0.001 8.87
$Equity* $1.607 1.814 +0.015 0.55
HK F* HK$9.400 10.053 +0.205 1.90

Schroder Life Assurance Int Ltd
MgdCrncy* 703.4 755. .... —
£ Fxd Int* 755.1 811.3 .... —
£ Equity* 189.6 203.6 .... —
$FxdInt* $1.662 1.786 .... —
$ Equity* $1.447 1.555 .... —
£MgdFd* 141.4 151.9 .... —
HK Fd* 6.702 0.447 .... —
Prices on Feb 6. Next dealing Feb 13.
*Daily dealing.

Scrimgeour Kemp-Gee Mngmt Jersey
1 Charing Cross, St Helier, Jersey. 0534 73741
SKG Cap Fd 320.1 339.0 .... —
SKG Inc Fd 69.6 71.7 .... 1.45
Gilt Bond 171.1 180.2 .... —

Securities Selection Ltd
Bermuda Hse, St Peter Port, Guernsey. 0481 26268
ForexfunD $7.49 7.87 .... —

Sentry Assurance International Ltd
PO Box 1776, Hamilton 5, Bermuda 55303
For Funds Prices Phone UK 0908 670506 (24 hrs)

Singer & Friedlander Ldn Agents
21 New St, Bishopsgate, EC2M 4HR. 01-623 3000
Dekalds DM30.21 31.75 .... 8.84
Tokyo Jan 31 562.80 .... 2.30

Standards Chartered Off Money Mkt Fd
PO Box 122, St Helier, Jersey. 0534 74454
Sterling £11.2949 +0.0035 11.54
U.S. $ $22.7869 +0.0047 [illegible]
D-Mark DM53.3716 +0.0059 [illegible]
Swiss Fr SF4[illegible]662 [illegible] [illegible]
Jap Yen Y5.390.5305 [illegible] [illegible]

State St Bank Equity Hldgs NV
Car Mgt Co. 6 John B. Gorsiraweg, Curacao.
Net asset value Feb [illegible] $8[illegible]8.

Strategic Metal Trust Mngrs Ltd
48 Athol Street, Douglas, IoM. 0624 26866
StratMtTst $0.9224 9.497 .... —

Stronghold Management Ltd
PO Box 315, St Helier, Jersey. 0534 70152
Cmdy Tst $3.39 66.72 .... —

Surinvest (Jersey) Ltd
4 Hill St, Douglas, IoM. 0624 20441

TSB Trust Funds (CI)
26 Hill St, St Helier, Jersey (CI). 0534 73484
TSB Gilt Fd 97.0 100.0xd 12.00
TSBGiltFdJy 97.0 100.0xd 12.00
TSB Jy Fd 106.7 112.4xd 3.37
TSBGrnsyFd 106.7 112.4xd 3.37
TSBCrncyFd 104.2 109.5 .... —
Prices on Feb 6. Next sub day Feb 13.

Taiwan (ROC) Fund
c/o Vickers da Costa Ltd, King William St, London, EC4. 01-623 2494
NAV $450. IDR value US$10,980.59.

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2189, Grand Cayman. 0101 (809) 9497436
Wstmstr-Cm $7.66 8.08 .... —

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $133.71.

Tokyo Pacific Hldgs (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $97.57.

Tyndall Bank (Isle of Man) Ltd
30 Athol St, Douglas, IoM. 0624 29201
StgMnyAcc 13.00 — .... —
US$MnyAcc 7.50 — .... —

Tyndall Managem
2 New St, St Helier, Jersey. 0534 3733103
TDFSL 213.5 227.0 .. 1.10
American 237.8 255.2 .... 1.55
Far Eastern 276.4 296.2 .... 0.84
Prtflo Man 114.7 122.4 .... —
European 124.2 130.0 . 0.75
Prtflo Amer 114.5 123.3 .... —
PrtfloStEst 113.4 121.5 .... —
PrtfloStEuro 116.4 122.4 .... —
Jersey Fd 180.0 107.6 .... 4.72
Nn-JAcUts 443.0 433.8 .... —
Gilt Funds 113.8 115.8 .... 10.48
(AccumShs) 307.2 312.6 .... —
Victory House, Douglas, IoM. 0624 24111
HighIntGilt 100.8 112.0 .... 12.81
(AcumShs) 210.6 215.0 .... —

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey. 0481 27066
Int Equity 491.3 517.2 .... —
Do $ 5.450 5.740 .... —
PacificEqty 143.5 151.1 .... —
Do $ 1.590 1.675 .... —
NAmEqty 105.9 111.5 .... —
Do $ 1.175 1.240 .... —
UK Equity 315.5 332.2 .... —
Do $ 3.500 3.685 .... —
EuroEqulty 127.3 134.0 .... —
Do $ 1.410 1.485 .... —
IntlFxdInt 507.7 534.5 .... —
Do $ 5.635 5.935 .... —
StlgFxdInt 270.3 284.6 .... —
Do $ 3.000 3.160 .... —
$ Deposit 158.7 167.1 .... —
Do $ 1.760 1.855 .... —
StgDeposit 159.5 167.0 .... —
Do $ 1.770 1.865 .... —
Commodity 524.3 551.9 .... —
Do $ 5.820 6.130 .... —
Gold 83.0 88.3 .... —
Do $ 0.930 0.980 .... —
UK Prpty 197.6 208.0 .... —
Do $ 2.190 2.310 .... —
Intl Mngd 408.9 430.5 .... —
Do $ 4.535 4.775 .... —
UK Mangd 264.3 278.3 .... —
Do $ 2.930 3.085 .... —

Tyndall-Guardian Mngt Ltd
PO Box 1256, Hamilton, Bermuda.
T-G American $20.07 .... —
T-G Money $24.39 .... —
T-G Eurobond $17.06 .... —
T-G Commodity $24.20 .... —
T-G Mortgage C$22.58 .... —
T-G Overseas $11.56 .... —
T-G Pacific Y2.121 .... —
T-G Wall Street $21.28 .... —
T-G Gold 57.41 .... —

M. G. Tyrrell & Co. Ltd
PO Box 415, London W13 0NY.
Drtac $11.60 12.10 .... —

Unico Invest Fd Mgt Co SA Lux
London & Continental Bankers Ltd.
2 Throgmorton Ave., London. 01-638 6111
UnInvFd DM71.75 73.90 +0.10 —

Union-Investment-Gesellschaft GmbH
Postfach 16767, D 6000, Frankfurt 16.
Unifds DM20.61 21.70 .... —
Unirak DM73.82 77.55 +0.30 —
Unirenta DM40.81 42.10 .... —

Unit Trust Services (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 72936
TargetMCF 106.7 112.5 −0.2 4.09
For Vanbrugh Currency Fund see Holborn Fund Management (Jersey) Ltd

United Fund Managem Ltd
16-18 Queens Rd Centre, Hong Kong. 5-231417
S & Mly Tst $8.09 8.42 .... 10.08

S. G. Warburg & Co and subsdrs
33 King William St, EC4R 9AS. 01-280 2222
Energy Int $45.67 — +0.24
Eurobond $16.65 16.82 −0.04 7.10
Select Risk $15.01 16.49 .... 1.52
39-41 Broad Street, St Helier, Jsy, CI. 0534 74715
Cn Mkt £31.09 31.88 .... 1.22
Far East £28.10 28.90 .... 0.07
Transatl £28.48 29.20 .... 1.68
Metals £13.37 13.70 +0.21 8.47
Sel Mkt £23.61 24.21 +0.08 1.45
Mercury Money Market Trust Ltd
D-Mark DM80.01 .... —
Dutch Guilder Dfl107.71 +0.01 —
Japanese Yen Y8,080 .... —
£ Sterling £20.31 +0.01 —
Swiss Franc SF77.93 .... —
U.S. $ $34.40 −0.02 —
1 Thomas St, Douglas, IoM. 0624 4856
IoM 60.8 64.7 −0.1 7.3
Intl Bond 42.0 44.7 −0.4 7.4

Wardley Fund Managers (Jersey) Ltd
HK Bk Bldg, Grenville St, St Helier. 0534 71460
WrdlyGiltFd 98.0 100.0 +1.0 11.25

Wardley Investment Services Ltd
4th Floor, Hutchison House, Hong Kong.
Wrdly Trust $5.51 5.89 .... 1.38
WdyNKAF $29.28 31.05 .... 4.51
WrdlyBdTst $9.87 10.50 .... 6.10
WrdlyJapT $32.42 34.38 .... 0.29
WrdlyPrCT $10.37 10.91 .... 2.02

West Avon Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963
Gilts&OptFd £1.07 1.13xd 5.00
U.S.&Dpt $0.98 1.03 .... —

World Wide Growth Management
10a Boulevard Royal, Luxembourg.
Wwd Gth Fd $11.63 +0.01 —
Inv Adv M & G Inv Mngt Ltd, London

Wren Commodity Management Ltd
10 St George St, Douglas, IoM. 624 25015
Wren Cm Fd 12.7 13.2 .... 3.10
Chinese Fd 58.8 61.2 .... 1.70
PrecMetFd 71.4 74.3 .... 8.30
VanCmdyFd 19.6 20.1 .... —

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.
Dynamic Gth Fd $8.63 +0.01 —

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 [illegible] St EC4P 4ST. 01-236 0952				
Call Fund	13.70	14.32	6mth	Call
7-day Fund	13.46	14.02	6mth	Call
Oppenheimer Money Management Ltd				
[illegible] St EC4N 6AE. 01-236 1425				
Call Fund	13.84	14.31	6mth	Call
7-day Fund	13.91	14.40	6mth	Call
Mny Mg Acc	13.62	14.33	6mth	Call
Dollar	7.37	7.50	6mth	Call

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treas Acc	13.75	14.48	Qtr	Call
MthIncChq	13.50	14.37	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	13.00	13.80	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
HighIntChq	12.75	13.37	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ, EC2M 5DL. 01-555 2777				
Cater Allen	13.25	14.00	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	13.25	14.005	Mth	Call
U.S. Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.110	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
[illegible] Cornhill, EC3. 01-626 6543 [illegible]				
Undr £1000	12.00	12.55	Qtr	Call
Over £1000	14.0	14.75	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2P. 01-628 6060				
MyMthChAc	13.00	13.80	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	13.25	13.66	Ret	14-day
M & G Kleinwort Benson				
01-99 New London Rd, Chelmsford. 0245 51851				
HighIntChAc	15.25	14.10	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.60	13.20	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-928 0011				
Cheque Acc	14.00	14.03	Mth	Call
Save & Prosper/Robert Fleming				
26 Western Rd, Romford, RM1 3LB. 0708 66066				
High Int Acc	13.10	14.00	Daily	Call
Premier Acc	13.10	14.00	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
[illegible] Acc	13.53	14.34	Qtr	Call
[illegible] Acc	13.125	13.78	Qtr	Chq7
[illegible] Wagg & Co Ltd				
[illegible] 0705 827733				
[illegible] Acc	13.50	14.37	Mth	Call
[illegible]	13.75	14.65	Mth	Call

[illegible] rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. †† Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102¾	99⅜	Exch. 12pc Cnv. '85	99¾	+1/16	[illegible]	14.36
97⅝	93 3/16	Treas 3pc 1985	97⅝	+⅛	[illegible]	12.01
102⅝	99¼	Treas 11½pc 1985	99¾	+⅛	[illegible]	12.13
99¾	96 5/16	Treas 8¾pcCnv '85	98¼xd	+1/16	8.51	12.08
104 3/16	99½	Exch. 12¼pc 1985	100¼	+⅛	[illegible]	11.79
103⅜	99 1/16	Exch. 11¼pc '86	99 13/16xd	+⅛	[illegible]	11.84
102 7/16	96 3/16	Treas. 10pcCnv 1986	98	+1/16	[illegible]	11.84
93¾	88¼	Treas 3pc 1986	93½	......	[illegible]	8.51
102	96⅛	Exch. 10⅜pc Cv '86	98 7/16	+1/16	[illegible]	11.63
104 3/16	99 1/16	Treas 12pc 1986	100¼	+1/16	[illegible]	11.85
96¾	93½	Treas 8½pc 1984-86‡‡	96¼	......	[illegible]	11.45
108⅜	102 7/16	Exch. 14pc 1986	103¾	......	[illegible]	11.71
89⅜	85	Exch. 2½pc 1986	88¼	+⅛	2.82	9.52
107 7/16	100⅜	Exch 13¼pc 1987	102 13/16	+1/16	12.89	11.65
100⅞	94½	Treas 10¼pcCv '87	97 11/16xd	+1/16	10.49	11.58
87¼	83⅛	Exch 2½pc 1987	86 13/16xd	......	2.89	9.88
101 1/16	94½	Exch. 10½pc 1987	97 11/16	+1/16	10.75	11.75
92¾	87	Funding 6½pc '85-87‡‡	90 7/16	+1/16	7.19	11.49
99⅞	92⅞	Treas. 10pc 1987	96 7/16	+1/16	10.35	11.70
86⅝	81 5/16	Treas 3pc 1987	85 11/16	......	3.50	9.78
105	97¼	Treas. 12pc 1987	100⅝	+⅛	11.93	11.68
94⅞	87 7/16	Treas 7¾pc 1985-88‡‡	91 5/16	+1/16	8.46	11.17
100¼	92 11/16	Exch 10½pc '88	96¾	+1/16	10.85	11.71
98 5/16	89 5/16	Treas 9¾pc Cv '88	94¾	+1/16	10.29	11.70
82 7/16	77	Transport 3pc '78-88	81 11/16	+1/16	3.67	9.45

Five to Fifteen Years

Over Fifteen Years

Undated

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

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AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	46	–2	2.5	3.2	7.8	4.5
64	28	Malomet Hldgs 10p	42	—	—	—	—	—
270	157	Man. Ship Can. £1	255	–2	5.5	3.5	3.1	13.1
104	65	Marley	94	–2	†3.2	2.5	4.9	10.6
61½	40	Marling Ind. 10p	61	—	†d3.0	5.6	3.0	7.2
46	29	Marshall L'xy. 'A'	40	—	†1.2	3.6	4.3	(7.1)
77	37	Marshall's Universal	70	—	H1.75	—	3.6	21.1
89	77	Do. 7½pcCnRedPf £1	82	—	7½%	—	13.1	—
30	20	Martin-Black	22d	—	—	—	—	—
£108	£81	Mathesons 7¾%	£81	—	Q7¾%	2.3	9.7	—
432	287	Metal Box £1	410	–3	†15.0	3.2	5.2	6.6
220	129	Metal Closures	164	+4	6.3	2.5	5.5	(9.1)
27	9	Metal Sciences 2½p	10	–1	—	—	—	—
133	83	Midland Marts	83	—	4.0	1.0	6.9	10.5
84½	45	Mitchell Cotts	81½	–½	4.0	1.5	7.0	11.6
196	132	Morgan Crucible	195	—	†7.5	1.2	5.5	(19.7)
*36	24	Morris (W) F.A. 20p	24	—	bg0.5	4.0	3.0	22.8
110	80	Moss (Robt.) 10p	100	—	†2.5	2.3	3.6	14.5
330	197	MMW Computers	275	—	6.0	3.0	3.1	15.3
65	38	Nash Inds.	40	—	2.5	1.5	8.9	9.2
47	30	Neill & Spencer 10p	44	—	—	—	—	18.9
33	13	Newman Industries	22	—	—	—	—	(32.4)
31	16½	Do. 10pc Cp.Cnv.Pf.	22	–½	10%	—	6.5	—
67	39	Nolton	54	—	g1.1	4.5	2.9	9.1
183	132	Norcros	165	–1	†7.5	2.4	6.5	8.7
86	55	Nu-Swift 5p	58	—	†2.4	3.2	5.9	7.6
100	50	Oakwood Grp.	90xd	—	4.5	♦	7.1	♦
190	135	Office & Elect	150	—	7.5	4.2	7.1	6.9
108	92	Oldacre 20p	105xd	—	a4.0	2.6	5.4	9.3
675	625	Oriflame Intl SA	625	—	†Q53c	2.2	7.6	6.0
46	15	Ovenstone 12½c	15	—	†Q4.5c	2.2	‡	3.5
£173	£120	Ozalid 9pc Cnv 87-92	£171	+3	Q9%	—	f5.3	—
190	110	PCT Grp 10p	110	—	g4.8	2.9	6.1	6.7
£14	975	P.L.M. 'K' Sk 25	£14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

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NEWSPAPERS, PUBLISHERS

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Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
410	210	Centennial Min's	265	—	—	—	—
175	70	Colby Res Corp.	70	—	—	—	—
955	450	Cons. Murch. 10c	500	—	†Q100c	1.4	8.9
37	25	Enner Int Ir10p	34	–1	—	—	—
252	150	Hampton Areas 10p	190	–2	3.75	2.1	2.6
225	140	Hollinger Res	180	—	—	—	—
£24½	£16	Homestake Mining $1	£21¼	+⅛	Q20c	—	0.8
295	135	McFinley Red Lake	215	+2	—	—	—
240	101	Nickel Explorations	220	–10	—	—	—
55	23	New Sabina Res C$1	25	—	—	—	—
365	220	Northgate C$1	320	–5	—	—	—
718	500	RTZ	670	+13	†18.0	2.7	3.8
£155½	£113½	Do. 8½pcLn '95-2000	£149½	+1½	Q8½%	35.4	6.7
£13	850	Tara Explor. $1	£12½	–⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ∮ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ∯ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	92	+2	Arnott	152	—
Craig & Rose £1	£10	—	CPI Hldgs	57	—
Finlay Pkg. 5p	61	—	Carrol Inds.	100	—
Higsons Brew	110	—	Dublin Gas	65	—
Holt (Jos) 25p	840	—	Hall (R. & H.)	47	–2
IoM Stm. £1	134	–1	Helton Hldgs.	16	—
IRISH			Irish Ropes	35	—
Exch. 12% 1985	£99¼	—	Jacob (W.& R.)	55	—
Nat 9¾% 84/89	£85	—	TMG	100	—
Fin. 13% 97/02	£89¾	—	Unidare	83	—

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	18
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	22
Babcock	14	'Imps'	18	Cap Counties	18
Barclays Bank	48	Jaguar	22	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen.	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props.	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brist. Oil & Min	4
Brit Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	38	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	[illegible]	RHM	11	Charter Cons	18
FNFC	[illegible]	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	27	Sears	8	Rio T Zinc	56
Glaxo	85	TI	28		
Grand Met	25	Tesco	28		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FINANCIAL TIMES

Saturday February 9 1985

MAN IN THE NEWS

Where the price is not right

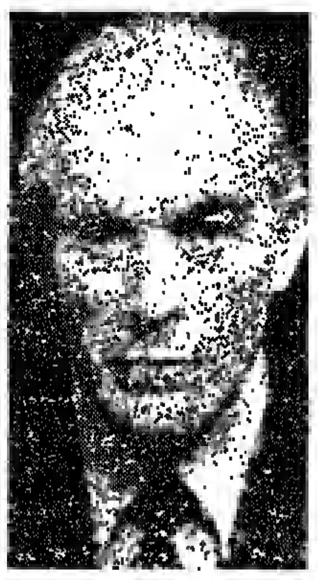
BY RICHARD EVANS

"PRIVATISE THE water industry, fast, or face continuing guerrilla action over prices." That was the typically terse response yesterday from Roy Watts, chairman of the Thames Water Authority, to the Government's Commons victory on Thursday night despite the rebellion of 38 Tory MPs.

His message was clear: the Government had maintained the necessary parliamentary mandate to force the authority to raise charges by 10 per cent from April, but unease at the policy was widespread and the conflict would continue.

Watts and his board have argued that an increase of 3 per cent is all that is needed to maintain adequate capital investment and achieve healthy profits. The direction of his energetic campaigning will now be switched to hastening the introduction of privatisation of Thames, with more than 11m consumers, and the nine smaller regional authorities.

His core argument has been that, by demanding an increase far in excess of the level of inflation, the Government is in effect making Britain the first country in the world to levy a tax on water. And although his main antagonist has been Ian Gow, the Environment Minister



Roy Watts

responsible for the water industry, his real targets have been the Chancellor and Treasury mandarins.

"They are the people I should be having the row with, but you can never get at them. I know, I've tried," he said.

The soft-spoken Watts is an unlikely rebel. He was brought to Thames two years ago by Gow and Patrick Jenkin, the Environment Secretary, to run the authority as a commercial concern; and, for 15 months, ministers congratulated themselves on their perception. He achieved significant improvements in profitability and efficiency, slimmed the board from 62 to 15, and sold off the chairman's Daimler. Now, they are wringing their hands at his refusal to do as he is told.

His choice for Thames was odd in the first place as most of his career, after a brief spell in local government, had been in the airlines industry. He was little known outside it, and left it with a mixed reputation. Watts joined British European Airways in 1955, not because he was keen on flying (he served in the army and did not fly until he was over 30) but because of his knowledge of accountancy and the early generation of computers.

After the merger with BOAC to form British Airways, Watts ran first the commercial and then the financial and strategic side. In 1978 he launched a high-risk gamble to go for growth through low fares and high volume; but the market changed.

Why did he move? "I liked the idea of chairing an authority starting from scratch, a new job, new board, new challenges," he says.

Although his public image in recent weeks has given the impression of an abrasive, pugnacious character, Watts is a shy Yorkshireman with a down-beat sense of humour. He relishes the story of how, as a keen advocate of metered water, he applied to have his own house metered. The application form and cheque were returned with a note saying he had been metered for eight years.

Apart from Thames, which takes up most of his time, Watts's main business interest is in David Brown Gears, a Huddersfield-based company making gears and tank transmissions.

He also has maintained close links with the aircraft industry as deputy chairman of Brymon Airways, based in Plymouth, and this week he joined the board of London Express Aviation, a new airline formed to seek a licence to fly to Singapore and Hong Kong operating one aircraft.

U.S. protests over Seoul incident

BY STEVEN BUTLER IN SEOUL

THE U.S. has formally protested to South Korea over the rough treatment of opposition leader Mr Kim Dae-Jung upon his return to the South Korean capital yesterday.

Mr Kim and a group of Americans accompanying him, including two Congressmen, claimed they were assaulted at Seoul airport. The incident could seriously mar relations with the U.S., the country's closest ally. After the airport scuffles Mr Kim was apparently put under house arrest.

The opposition leader was returning to South Korea after two years in exile in the U.S. As many as 50,000 of his supporters thronged the streets outside the airport, pounding on cars and buses and shouting his name.

South Korea's Government has denied Mr Kim's accusations of assault. However, the incident brings into serious question the Government's ability to defuse the impact of Mr Kim's presence in the country, where he still has a large popular following.

Mr Kim's return was made four days before national assembly elections are due to be held. The opposition hopes his presence will help them win.

The incident took place shortly after the U.S. extended an invitation to Mr Chun Doo-Hwan, the President of South Korea, to visit America in April.

In Washington the State Department confirmed that it had formally protested about the alleged assaults and said it had received assurances that there would be an investigation.

The incident in Seoul could sour the atmosphere for the president's U.S. visit, especially since, as many believe, it was American pressure that led the Korean Government originally to moderate its inclination to place Mr Kim in prison when he returned to the country.

According to Mr Kim, airport security agents asked Mr Kim and his wife to enter an elevator with several Americans who were accompanying him. Mr Kim refused, explaining that he wished to undergo ordinary immigration procedures and did not want to receive special treatment. He said later he feared for his safety if he became separated from the large delegation accompanying him.

Airport security agents then forcibly separated the opposition leader from his American escorts and pushed him and his wife into the lift.

Mr and Mrs Kim were later placed in a van and taken home.

Security agents also threw to the ground the former American ambassador to El Salvador, Mr Robert White, and Congressman Robert Foglietta. Congressman Edward Seighan and Mr Pat Derian, the Human Rights Under Secretary were roughly handled by police, together with other members of the delegation.

The government said that Mr Kim will be free to conduct private affairs, including seeing visitors and leaving his home.

Mr Kim, however, said that a local police chief informed him he was not to leave his house. Mr Kim's personal bodyguard had also been evicted from the house by police, and the opposition leader is still banned from all political activity in the country.

Bank announces new £800m tap

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE Bank of England yesterday announced the issue of an £800m tap as part of the Government's substantially increased funding effort.

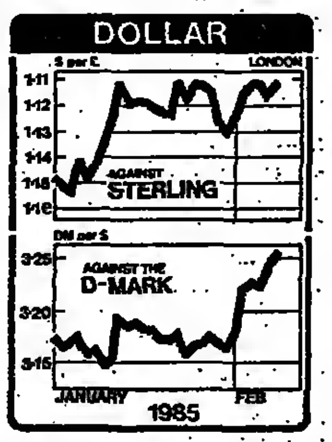
The new issue, an 11 per cent Exchequer Loan 1990 is being issued at a minimum tender price of £97.50 with 20 per cent payable on tender and the balance on March 18, the day before the Budget.

The issue, widely expected in the City yesterday, follows the accelerated pace of gilt edged sales since banks' base lending rates were raised to 14 per cent at the beginning of last week.

The rise in interest rates then was prompted by the need to defend sterling from the threat of a plunge on the foreign exchange markets.

However, Mr Nigel Lawson, the Chancellor, said at the time that he wanted to bring the money supply well under control. This was generally interpreted as a desire to push sterling M3, the broad measure of money, down from the top of its 6 to 10 per cent target range for growth towards the middle in an effort to restore market confidence.

To that end, the authorities have accelerated their sales of gilt edged stock. However, this has put pressure on the money markets, because syphoning off cash into gilt edged securities



comes at the height of the tax paying season.

To ease pressure, the Bank of England announced yesterday that it was increasing its existing temporary aid to the banking system by granting facilities which could release up to £4bn of liquidity into the money markets.

This replaces the present £2bn facility due to mature on February 14 with a new facility which extends to March 14. In addition a second £2bn facility will be made available to expire on March 27.

Yesterday on the London foreign exchanges, the pound remained steady in spite of some upward pressure from the dollar. In London sterling's trade weighted index, which measures the pound against a basket of currencies, rose 0.2 of a point to 73 (1975=100), although it was slightly lower against the dollar at its London close at $1.1105.

Money market interest rates eased reflecting a cautious return of optimism that banks' base lending rates might be allowed to fall somewhat next week provided sterling maintains the equilibrium that it showed this week.

However, in late trading in London and early in New York, the dollar showed a renewed burst of strength. This underlined the uncertainties in the markets as to whether the authorities of the major nations, particularly the U.S. are prepared to intervene heavily to prevent the dollar "overshooting" against European currencies.

Although the five major industrial powers agreed in Washington last month to a more vigorous policy of concerted intervention, there has been a reluctance, particularly by the U.S. authorities, to "spit against the wind" by intervening against an established market trend, however unwelcome.

Mortgage increase ruled out, Page 4

Call for 'genuine common market'

By John Davies in Frankfurt

WESTERN EUROPE should try to create a genuine common market by dismantling barriers to trade, capital flows and business co-operation, according to Dr Wilfried Guth, joint head of Deutsche Bank.

Only then would it make sense to encourage wider use of the European Currency Unit (Ecu) instead of national currencies in business dealings, Dr Guth said.

Dr Guth, who retires in May after nine years as joint chief executive of Western Germany's largest bank, said increased Ecu usage would amount to a "pyrrhic victory" unless it was backed up by other steps towards economic and political integration in Europe.

"It would be like taking the second step before the first," he said. "It could nurture the illusion that we had a genuine European currency as an alternative to the dollar."

Dr Guth was speaking in Luxembourg at the announcement of last year's results for Deutsche's local subsidiary.

He lent weight to the views of the Bundesbank, West Germany's central bank, which is one of the sternest critics of pressure for wider use of the Ecu. Herr Karl Otto Poehl, the Bundesbank president, recently dismissed the Ecu as simply "a basket of 10 currencies of varying quality" and lacking a supranational European central bank to back it up.

Dr Guth said Europe's main task was not in the monetary area but was to build a uniform economic region.

He called for the abolition of "bureaucratic obstacles" to trade and to cross-border business co-operation. Restrictions on capital transfers should be broken down, and taxes imposed on businesses in European countries should be made more uniform.

Dr Guth said there would be a case for wider use of the Ecu if it went hand in hand with greater liberalisation of trade and capital flows. The Bundesbank would probably then review its critical attitude towards wider Ecu usage, he predicted.

Even so, a common European central bank and a common currency for Europe would still be "further in the distance."

Trading improvements urged, Page 4

Dunlop rescue wins extra time

BY CHARLES BATCHELOR

SHAREHOLDERS in Dunlop, the debt-laden tyre and rubber products group, yesterday voted overwhelmingly to delay a decision on the proposed £142m refinancing package while the company revises its plans.

Fewer than 200 of Dunlop's 42,000 shareholders turned up for a series of three extraordinary meetings held in the main ballroom of the Connaught Rooms in London yesterday. But 42.8m proxy votes backing the board — including 30m from Dunlop's Malaysian stockholder Pegi, and 3m from U.S. shareholders—had already been sent in, while only 2.5m dissenting proxies had been cast.

BTR, the company which has made a contested £33m takeover bid for Dunlop, staged a symbolic protest but was unable to prevent Sir Michael Edwardes, Dunlop's chairman, from carrying the day. BTR voted its 28 per cent stake in the preference shares against the Dunlop plan.

Announcing the delay in the decision, Sir Michael said: "This adjournment is necessary to avoid shareholders having the stark option of accepting the insulting price offered by BTR or of being forced into receivership by (BTR's) exercising a blocking vote."

BTR's bid is worth nearly 23p in shares or 20p in cash compared with Dunlop's closing price yesterday of 42½p—a rise of 5½p on the day.

Sir Michael allowed a vote of preference shareholders on the refinancing package at the insistence of BTR's representatives at the meeting.

"I have full power to adjourn the meeting but I will do what you suggest so justice can be seen to be done," he said. "If you want the pleasure of showing you could have voted it down you can have it."

BTR duly voted the package down but Sir Michael said this vote was "acadamic" in view of his powers to adjourn the meeting.

BTR said later: "Our preference vote formally killed the reconstruction. We are convinced an adjournment alone would have been unhelpful because shareholders would not have known if the refinancing proposal was alive or dead."

Mr Robin Biggam, Dunlop's finance director, told shareholders the company's main banks had agreed to convert £70m worth of debt into ordinary shares. They would no longer convert £30m of that debt into preference shares which would mean BTR could not use its preference shares to block the refinancing.

Dunlop gave no further hints on the shape of the revised refinancing package. It said nothing about the company's performance in 1984 or prospects for 1985, except that preliminary figures would be released by the end of May.

Two knights joust for Dunlop, Page 19

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Aaroosoo Bros	99	+ 5
BAT Inds	386	+ 6
Body Shop Intl	675	+ 35
Dixoo (David)	168	+ 6
Dunlop	42½	+ 5½
Falcon Resources	475	+ 32
Great Western Res	260	+ 30
Horizon Travel	148	+ 18
Jaguar	340	+ 18
Lake and Elliot	78	+ 12½
Lloyds Bank	608	+ 11
Magnet & Southerns	126	+ 8
Newmarket	183	+ 12
RTZ	670	+ 13
Syltone	186	+ 14
TI	234	+ 6
TSL Thermal Synd	155	+ 39
Tate and Lyle	462	+ 9
Taylor Woodrow	377	+ 17
Towles A N/V	76	+ 18
FALLS:		
Treas 13¼pc 2004/08	£124½	− ½
Allied Colloids	235	− 12
Booker McConnell	261	− 2
Checkpoint Europe	145	− 15
Chloride	35	− 5
Gates (Frank G.)	78	− 10
Rowntree Mackintosh	380	− 5
Stylo	170	− 8
Sumrie Clothes	55	− 7
Uoitech	250	− 8

WORLDWIDE WEATHER

UK today General rain, brighter in Northeast and Scotland. Snow in West and central areas.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	15	59	Corfu	S	15	59	Luxmbg.	R	−1	30	Peking	C	2	36
Algiers	C	16	21	Dallas	F	−5	27	Madeira	C	18	64	Perth	F	32	90
Amsdm.	F	−1	30	Dublin	R	5	41	Madrid	C	10	50	Prague	C	−5	21
Athens		—	—	Dbrvnk.		—	—	Majorca	F	18	64	Reykjvk.	S	1	34
Bahrain		—	—	Ednbgh.	Sl	3	37	Malaga	S	17	63	Rhodes	S	16	61
Barclna.		—	—	Faro	A	17	63	Malta		—	—	Rio J'o		—	—
Beirut	F	17	63	Florence	R	11	52	M'chstr.	Sn	2	36	Rome	F	15	59
Belfast	Sl	2	36	Frankft.	C	0	32	Melbne.	S	21	70	Salzbrg.	C	−1	30
Belgrd.	F	−3	27	Geneva	R	5	41	Mx. C.		—	—	S F'cisco†	R	12	54
Berlin	S	−3	27	Gibraltar	R	15	61	Miami†	C	13	55	Singapr.	F	31	88
Biarritz	B	17	63	Glasgow	C	3	37	Milan	R	2	36	Stiago		—	—
Bmghm.	Sn	0	32	G'nsey	C	8	46	Montrl.†	Sn	−18	0	Stckhm.		—	—
Blackpl.	R	2	36	Helsinki	Sn	−18	−2	Moscow	F	−17	1	Strasbg.	Sl	1	34
Bombay		—	—	H. Kong	C	18	64	Munich	C	−3	27	Sydney	F	20	68
Bordx.	F	14	57	Innsbrk.	C	4	39	Nairobi	F	24	75	Tangier	F	15	59
Boulgn.	R	3	38	Invrnss.	S	4	39	Naples	C	13	55	Tel Aviv	S	18	64
Bristol	Sl	3	37	I.o.Man	Sl	2	36	Nassau		—	—	Tenerife		—	—
Brussels	C	1	34	Istanbul	S	7	45	Nwcstl.	Sn	3	37	Tokyo	R	7	45
Budpst.	S	−3	27	Jersey	C	10	50	N Delhi	S	24	75	T'ronto†	F	−18	0
Cairo		—	—	Jo'burg	R	17	63	N York†	F	−11	12	Tunis		—	—
Cardiff	Sl	2	36	L. Pims.		—	—	Nice	C	13	55	Valencia	F	17	63
Cape T.	F	24	75	Lisbon	C	15	59	Nicosia	R	14	57	Venice	C	5	41
Chicg.†	F	−19	−2	Locarno	C	3	37	Oporto	R	12	54	Vienna	F	−4	25
Cologne	C	1	34	London	Sl	3	37	Oslo		—	—	Warsaw	S	−12	10
Cpnhgn.	S	−8	18	L. Ang.†	R	10	50	Paris	R	5	41	Zurich	R	1	34

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Lawson Continued from Page 1

dangers from the recent depreciation of the pound are seen to have made it much more difficult for the Chancellor to increase the scope of value added tax. Any increase in VAT would raise prices, just when inflationary pressure from higher sterling import prices was coming through.

Mr Lawson has, in any case recognised that extending a 15 per cent VAT rate to cover basic foods would be politically impossible, even though it would give him £4.25bn, enough to cut the basic rate of income tax by 4p in the pound.

The introduction of a lower rate of VAT on food has been considered, but appears now to have been rejected. Though some smaller extension of VAT to some other classes of goods like construction or newspapers has been mooted, the Chancellor has been strongly advised that the revenue gains would not justify the political uproar.

On the personal taxation front Mr Lawson appears to be considering a range of detailed reforms which have been kept secret. However, the overall "give away" may be quite small, and will almost certainly be concentrated on raising personal allowances and thresholds.

On pension funds, he has already pledged he will not introduce changes which would have a "retroactive" effect on those already building up pension rights.

This would severely limit the attractiveness of taxing lump sums.

Liverpool Continued from Page 1

and assisted build-for-sale projects by the private sector. Liverpool's policy is also frowned on by Labour nationally.

Mr Jenkin said yesterday: "Liverpool councillors cannot make their own laws. They have to live within the same rules as every other authority."

The exact amount of likely overspending is unclear because, in common with other authorities, Liverpool does not know how much will be available from sales of council houses and other assets this year. But Mr Jenkin made it clear this would not be enough to bridge the gap between his spending ceiling and the council's plans, which he said involved commitments of £97m.

Mr Jenkin said that if he failed to act, it would be open to any Liverpool ratepayer to take him to court. The powers would apply to new contracts after April and payments under existing contracts.

THE LEX COLUMN

Life at the top for equities

The equity market is displaying almost every top-of-the-market symptom. Enthusiasm for new issues is so great that Hillsdown Holdings, in the less-than-glamorous food-manufacturing sector, saw its offering five times oversubscribed at 45p over the minimum tender price. Yesterday's vendor placing for Rowntree Mackintosh found no shortage of buyers at a minimal discount. When institutions are told they need to maintain their proportional stake in a company, they cannot resist this type of offer; if an equivalent line of shares came into the market from a rival institution, they might at least think twice.

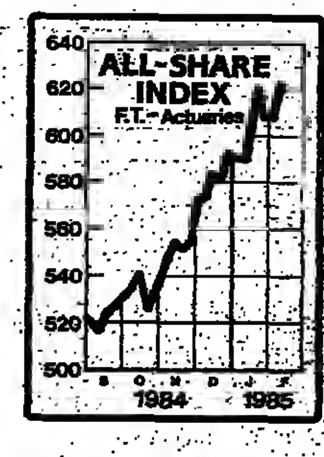
Investors have more money than they know what to do with, and are scared of pulling out of shares in case they miss the fun. So long as the equity market expects a cut in base rates roughly to coincide with the Budget, the fear of being caught in a stampede from cash to securities will weigh more heavily with fund managers than the lure of 14 per cent overnight money. Then there is the perennial U.S. investor, who is probably buying a tenth of the amount the rumours suggest. The main reason for buying equities, it seems, is that everyone else is.

The case for the optimists is that the market's present level can be justified by the encouraging outlook for both profits and dividends. Though the yield gap is pretty wide, reflecting high expectations of dividend growth, the economic numbers suggest that companies may well be able to deliver pre-tax profits around 13 per cent higher this year despite the increased cost of borrowing. And there seems no reason why dividends should not rise at roughly the same pace.

The rise in interest rates may be only a mildly negative factor. Corporate gearing, at an average of less than 20 per cent, is at its lowest level for years, so higher funding costs should not take too large a bite out of profits. The effect on consumer expenditure may be more marked—and this has been discounted in the recent hammering taken by the stores sector—but will be tempered by real earnings rises and by any tax cuts Mr Lawson decides to include in the Budget. The most serious danger is of business confidence being undermined.

A much more positive factor, though, will be the effect of sterling's decline on growth prospects for the economy. The

Index fell 0.7 to 988.5



higher export margins and translation gains, as well as volume growth from improved competitiveness should see off the contractionary effect of higher rates. But the truth is that equities are being bought at the moment less because of the fundamental outlook but rather because, like Everest, they are there.

Home computers

Anyone who hoped that the problems at Acorn Computer were peculiar to that company, or to Cambridge, cannot have had much optimism to spare once Commodore halved the price of its main range of popular computers. Commodore's gross profit margins are, presumably, it sown affair; but it is becoming daily more clear that the UK home computer market is not a place where much money is to be made—let alone by companies of Acorn's size or smaller.

Many of the assumptions on which these companies were launched now look questionable. Margins of 20 per cent, a doubling of sales every year, teams of researchers and heavy advertising budgets (let alone costly sales in the U.S.) are liabilities now that the chief retailers have decided that very few more Britons are going to own home computers than the 3m-odd that already have them. Selling additional software will not be quite such a good game in future, though still worth-while.

In retrospect, Acorn should doubt have stuck to its by now somewhat dowdy BBC Micro, which at least sells relatively evenly through the year. As it is, Acorn has been running very large creditor positions to finance stocks of its machines through the balmy Cambridge summer: indeed, it is conceivable that the company was financing up to two-thirds of annual turnover into a Christmas period about which the leading retailers were less than enthusiastic. Even without a squeeze from manufacturers demanding payment and customers dragging their heels, Acorn would have been vulnerable to the round of price cuts started by Sinclair.

On the charitable assumption that there was no price discounting before the cuts in price, Acorn may well have been saddled with stock of up to £50m, some three times the company's net worth in its last balance sheet. Yet there is no reason why the company should not continue trading on the fairly solid foundation of its educational side, and without the Electron — provided, of course, the drain in confidence and cash is plugged.

A rights issue is only theoretically possible. Since all but a fraction of the equity is owned by Messrs Hauser and Curry, it is they who would be required to take up their rights — no doubt from the proceeds of the flotation.

A suitable outsider might bring in not just cash but a measure of marketing ability and a better relationship with the City. But this last is on a jaundiced mood, after the collapse of the share price and Acorn's sudden divorce from its financial advisers — still not adequately explained, a week after the event.

If the events of this week are anything to go by, the City is beginning to suspect that there is little long-term growth for computers outside the world of business: the functional use of computers in households for turning the Sunday joint is too far away to see clearly. And once home computing is recognised as a hum-drum branch of consumer electronics, all eyes turn to Japan. A further wave of standardised imports from the Far East would be sure to scupper any chance of a recovery in margins.

The business sector of personal computers is already fiercely competitive. The large companies will stamp out any rising damp from the home computer industry on the floor below. Marketing is at a premium; and Acorn will have to show that it can offer more than its well-recognised technical finesse.